Journal of the House

State of Indiana

112th General Assembly *Second Regular Session*

Fourteenth Meeting Day **Tuesday Afternoon** **January 29, 2002**

The House convened at 1:00 p.m. with the Speaker in the Chair.

The invocation was offered by Pastor Darren Scheske, Heartland Church, Indianapolis, the guest of Representative Brian C. Bosma.

The Pledge of Allegiance to the Flag was led by Representative Mark R. Kruzan.

The Speaker ordered the roll of the House to be called:

T. Adams
Aguilera
Alderman
Atterholt
Avery
Ayres
Bardon ⏏
Bauer
Becker
Behning
Bischoff
Bodiker
Borror
Bosma
Bottorff
C. Brown
T. Brown
Buck
Budak
Buell
Burton
Cheney
Cherry
Cochran
Cook
Crawford
Crooks
Crosby
Day
Denbo
Dickinson
Dillon
Dobis
Dumezich
Duncan
Dvorak
Espich
Foley ⏏
Frenz
Friend
Frizzell
Fry
GiaQuinta
Goodin
Grubb
Harris
Hasler
Herndon
Herrell
Hinkle
Hoffman
Kersey
Klinker
Kromkowski
Kruse
Kruzan
Kuzman
Lawson
Leuck
Liggett
J. Lutz
Lytle
Mahern
Mangus
McClain
Mock
Moses
Munson
Murphy
Noe
Oxley
Pelath
Pond
Porter
Reske
Richardson
Ripley
Robertson
Ruppel ⏏
Saunders
Scholer
M. Smith
V. Smith
Steele
Stevenson
Stilwell
Sturtz
Summers
Thompson
Tincher
Torr
Turner
Ulmer
Weinzapfel
Welch
Whetstone
Wolkins
D. Young
Yount
Mr. Speaker

Roll Call 22: 97 present; 3 excused. The Speaker announced a quorum in attendance. [*NOTE*: ⏏ *indicates those who were excused*.]

HOUSE MOTION

Mr. Speaker: I move that when we do adjourn, we adjourn until Wednesday, January 30, 2002, at 1:00 p.m.

TINCHER

Motion prevailed.

MESSAGE FROM THE SENATE

Mr. Speaker: I am directed by the Senate to inform the House that the Senate has passed Engrossed Senate Bills 344, 351, 354, 355, 359, 362, 376, 392, 399, 422, 430, and 462 and the same are herewith transmitted to the House for further action.

MARY C. MENDEL
Principal Secretary of the Senate

MESSAGE FROM THE SENATE

Mr. Speaker: I am directed by the Senate to inform the House that the Senate has passed Engrossed Senate Joint Resolution 12 and the same is herewith transmitted to the House for further action.

MARY C. MENDEL
Principal Secretary of the Senate

RESOLUTIONS ON FIRST READING

House Concurrent Resolution 21

Representative Hinkle introduced House Concurrent Resolution 21:

A CONCURRENT RESOLUTION honoring Coach Dick Dullaghan and Ben Davis Giants Football Team for winning the Class 5A Football State Championship.

Whereas, The Ben Davis Giants Football Team competed for the 2001 Class 5A State Championship and won;

Whereas, The Ben Davis Giants have won two state championships in three years;

Whereas, The team has a record of 42 wins and 2 losses in three years;

Whereas, The Ben Davis Football Team's record in three seasons is 15-0, 12-2, and 15-0;

Whereas, The following coaches, managers, amd trainers won the 2001 Class 5A Football State Championship–Coach Dick Dullaghan, Tom Allen–high school defensive coordinator for linebackers, Jason Berkholz–high school wide receiver coach, Damon Black–JV head coach, offensive line for tight ends, Doug Bradburn–special teams coordinator and varsity running backs, John Crum–volunteer coach defensive line, Mike Davidson–high school defensive coordinator, Denise Hay–sports information director, Mike Kirschner–high school defensive line coach, Brian Lucas-equipment manager and cornerback coach, Barry Polston–high school volunteer assistant (RB), Steve Purichia–offensive line coach and sg, Shelly Syrko–cheerleading coach, Kevin Vanderbush–high school strength coach, Amber Boyer, Stephanie Brown, Brandi Collins, Larry Curd, Courtney Essex, India Felemban, Matt Graves, Rachel Groff, Karen Hill, Kelly Lessel, Nathan Malson, Megan Monaghan, Dominique Pippens, Daniel Smith, and Ashley Wood;

Whereas, The following football players won the 2001 Class 5A Football State Championship–Brian Abney, Charles Anthony, James Banks, David Cook, Ryan Culp, Anthony Cumbee, Aaron Delp, Josh

Foster, Jeff Jones, Jon Jones, Garrett Phillips, James Pulliam, Karl Rousseau, Ray Scotten, Jeff Smith, Joe Spinks, Hasani Taylor, Quinten Wilburn, Matt Wohlstadter, Todd Barnard, Adam Blakey, Randy Darrough, Augus Davenport, Jared Evans, Brian Faires, Barry Fitzgerald, Steve Fry, James Granberry, Richard Gregory, Charles Harris, Dontae Hart, Shane Hinsley, Emmanuel Howard, Jared Jackson, Jamey Jackson, Justin Leary, Brandon Lewis, Chris Lunn, David Luppino, Danny Markus, Billy May, Craig McNeal, Brian Meeks, Mike Owens, Matt Petrey, Jon Polston, Zachary Rainey, Clint Reed, Mike Richardson, David Scherer, Jr., Stryker Sircy, Andrew Socks, Ryne Tatum, Bo Thompson, Jon Turk, Brock Vanderbush, Brandon Warner, Bruce Williams, Tywan Aldredge, Douglas Alger, Jr., T.J. Baker, Casey Bell, Zach Billington, Joshua Bowen, Mychal Byrd, Jay Corbin, Gus Davenport, David Dugger, Michael Franklin, Ross Gaddy, Clayton Garrigus, Nick Greathouse, Keith Hodges, Tyler Hollaway, Mark Howard, Travis Johnson, Bereket Kebte, Jacob King, Jonathan Kirschner, Kyle Lawson, Jeremy Lee, Cameron Mason, Tyler Montgomery, Corey Nardi, Bill Pippens, Brandon Reeves, Rick Roy, James Sanders, Antoine Sims, Justin Smith, Tim Statzer, David Strayhorn, Nate Tubbs, Levan Warthaw, Anthony Whiteman, Jarrod White, and Jermell Whorton; and

Whereas, The following cheerleaders were involved in the Class 5A Football State Championship victory–Brittany Colbert, Andrea Cook, Erica Culp, Kira Doan, Brittany Emery, Latoya Figueroa, Christy Foster, Misty Fowler, Katie Hutson, Cassie Johnson, Elizabeth Keim, Aubrianne Killgo, Amber McNabney, Aeva Pool, Shelley Robison, and Lauren Stout: Therefore,

Be it resolved by the House of Representatives of the General Assembly of the State of Indiana, the Senate concurring:

SECTION 1. That the House of Representatives of the Indiana General Assembly congratulates Coach Dick Dullaghan and the Ben Davis Giants on their Class 5A Football State Championship.

SECTION 2. That the Principal Clerk of the Indiana House of Representatives transmit a copy of this resolution to each coach and member of the Ben Davis Hgh School 2001 Football State Champions.

The resolution was read a first time and adopted by voice vote. The Clerk was directed to inform the Senate of the passage of the resolution. Senate sponsor: Senator M. Young.

House Concurrent Resolution 22

Representative Hinkle introduced House Concurrent Resolution 22:

A CONCURRENT RESOLUTION honoring James Banks on being named Indiana's Mr. Football of 2001.

Whereas, James Banks played football as quarterback and cornerback at Ben Davis High School;

Whereas, In three seasons, helped lead the Giants to a 42-2 record and two Class 5A state championships;

Whereas, James Banks received 141 first place votes and 848 points in the Mr. Football voting;

Whereas, As the quarterback, passed for a Ben Davis school record of 5,074 yards and rushed for 2,335 yards; he completed 324-576 passes for 63 touchdowns;

Whereas, His senior year at Ben Davis, James Banks completed 92-176 passes for 1,474 yards for 20 touchdowns and rushed 900 yards for 14 scores;

Whereas, Playing defense as a cornerback made 47 tackles and eight interceptions for three touchdowns; and

Whereas, James Banks has a 2.48 grade–point average and scored an 830 on his Scholastic Aptitude Test:

Therefore,

Be it resolved by the House of Representatives of the General Assembly of the State of Indiana, the Senate concurring:

SECTION 1. That the Indiana General Assembly honors James Banks on receiving the title of Indiana's Mr. Football and helping the Ben Davis Giants to two Class 5A state championships in three years.

SECTION 2. That the Principal Clerk of the Indiana House of Representatives transmit a copy of this resolution to Indiana's 2001 Mr. Football, James Banks.

The resolution was read a first time and adopted by voice vote. The Clerk was directed to inform the Senate of the passage of the resolution. Senate sponsor: Senator M. Young.

House Concurrent Resolution 23

Representatives Richardson and Grubb introduced House Concurrent Resolution 23:

A CONCURRENT RESOLUTION to honor those who participated in the 4-H State Conversation on Youth Development in the 21st Century.

Whereas, There were over 3,000 Local Conversations in each state and territory that discussed strategies on youth development;

Whereas, The following people were selected from their respected counties to participate in the State Conversation to discuss ways to take steps which will encourage youth to take an active position in their communities—Sally Acton, Norman; Dave Addison, Columbia City; Brady Akers, Pine Village; Linda Aldridge, Huntington; Amy Ambriole, Roanoke; Pam Amstutz, Berne; Jessica Anderson, Tipton; Amanda Armstrong, Muncie; Jeremy Armstrong, Patriot; Angela Arndt, Rising Sun; Andrea Austin, Lexington; Brittni Bailey, Star City; David Ball, Elkhart; Tracy Banasiak, Knox; Ryan Barwe, French Lick; Mary Baxter, Williamsburg; Jane Ann Beard, Washington; Travis Beiersdorfer, Sunman; Brian Bell, Petersburg; Sarah Benczik, Plymouth; Logan Bentley, Ellettsville; Jimmy Bettcher, South Bend; Nathan Bills, Salem; Katie Binkley, Knox; Jessy Bitzer, Leavenworth; Craig Blough, Goshen; Melissa Bockhold, Rockville; Elise Boemer, North Vernon; Carolyn Bohling, Valparaiso; Katie Brandon, Columbia City; Denise Bridgewater, Center Point; Derek Briner, Elkhart; Zac Brooks, Charlestown; Paul Broughton, Marengo; Keli Brubaker, Huntington; Donna Burgard, Zionsville; Ellie Burgard, Zionsville; Sarah Burke, Greenfield; Jeff Caddell, Madison; Chelsea Carter, Crawfordsville; Katie Carunchia, Garrett; Rich Chalupa, Muncie; Ashley Cherry, Martinsville; Corey Churchman, Campbellsburg; Adam Clark, Bicknell; Del Cleek, Wheatfield; Richard Coleman, Princeton; Connie Colvin, Merrillville; Amanda Condra, Washington; Hope Cook, Valparaiso; Veronica Cook, Griffith; Kari Cripe, Camden; Cadel Crowl, Angola; Leslie Crumbaugh, Templeton; Jessica Cutter, Dillsboro; Renee Darkis, Vincennes; Amy Dauss, Anderson; Darlene Decker, Vincennes; Jennie Delaney, Indianapolis; Nikki Delon, Royal Center; Randall Dickson, Washington; Jeremiah Dole, Williamsburg; Bethany Dusseau, Fishers; Megan Earnest, Rushville; Lindsay Eckert, Roanoke; Peg Ehlers, Vevay; Daniel Ehman, Noblesville; Erin Elliott, Paoli; John Emerson, LaGrange; Janell Emmert, Jamestown; Lyda Ertel, North Vernon; Amy Fankhauser, Richmond; JW Fansler, Bedford; Jane Fansler, Bedford; Jordan Fansler, Bedford; Chloie Favinger, Bloomington; Brad Ferguson, North Vernon; Jason Fields, Otterbein; Deb Fitzsimmons, Warsaw; CJ Fleenor, Orleans; Nick Flowers, Selma; Becky Fontaine, South Whitley; Bob Fontaine, South Whitley; Hannah Freeman, French Lick; Janice Fry, Roachdale; Matt Fry, Roachdale; Celeste Ganahl, Dillsboro; Vanessa Ganahl, Dillsboro; Ralph Garcia, Bluffton; Ryan Gergely, Wilkinson; Jilian Gilpatrick, Fort Branch; Katrina Glascock, Sullivan; Amy Gum, Rosedale; Bob Hall, Bloomington; Will Harman, Leesburg; Bruce Hatton, Washington; Ricardo Hernandez, Merrillville; Ellen Herrenbruck, Evansville; Laura Herrenbruck, Evansville; Carl Hess, Seymour; Cindy Hicks, Monticello; Jake Hierholzer, Peru; Jenell Hierholzer, Peru; Tammy Hierholzer, Peru; Chad Higginbotham, Franklin; Doris Hildenbrand, Holland; Emily Hodapp, Seymour; Katrin Hoffman, Frankfort; Jeff Holland, Bloomington; Chris Hollen, Eckerty; Bob Holler, Salem; Cassandra Hoover, Tipton; Matthew Hostetler, Topeka; Cindy Howard, Logansport; J'Nia Howard, Sullivan; Diana Hubbard, West Harrison; Gayle Hubbard, Liberty; Troy Huber, Frankfort; Maggie Hummel, Terre Haute; James Inman,

Williamsport; Hannah Isom, Monticello; Alicia Jochim, Owensville; Mindy Johnston, Argos; Dotty Keeton, Madison; Donita Kennedy, Cutler; Chris King, Marengo; Katie Kinman, Newburgh; Kristi Knebel, Muncie; Caleb Knies, Dale; Kara Kohlhagen, Rensselaer; Micah Kunze, Markle; Ruby Lackman, Westfield; Tara Laird, Manilla; Gail Lambert, Winamac; Tom Langenhop, Elkhart; Brandi Lawrence, Greenfield; Amanda Layne, Muncie; Sherry Legg Young, Waynetown; Ryan Lemler, Fowler; Kelsey Limerick, Lakeville; Rhonda Limerick, Lakeville; Jennie Longenhop, Elkhart; Amy Louvier, Wolcottville; Diana Lund, Rockville; Jim Luzar, Crawfordsville; John Mack, Angola; Andy Majewski, Howe; Margaret Manges, Corunna; Caleb Markley, Attica; Kim Markley, Attica; Laurie Marsh, Hamlet; Danielle McCartney, Bennington; Daren Miller, Terre Haute; Cody Mills, Wolcottville; Tiffani Milner, Rockville; Cindy Minnicus, Delphi; Erin Mix, Dillsboro; Jay Moles, Lewisville; Megan Moles, Lewisville; Adam Morrical, Rensselaer; Jake Morrison, Franklin; Marcia Nagle, Angola; Peggy Naile, Whiteland; Lysandra Neal, Lawrenceburg; Herb Newman, Culver; Cora Newsom, Jasper; Ian Nixon, Crawfordsville; Jennifer Nuest, Kouts; Rae Ann O'Neill, Hartford City; Casey Pace, Hartford City; Jennifer Padgett, Oaklandon; Marilyn Padgett, Oaklandon; Dustin Page, Crawfordsville; Matt Patka, Howe; Mike Patka, Howe; Mabel Paul, Groverton; JoAnn Pearson, Kirklin; Kelly Pearson, Williamsport; Ken Penrod, English; Kevin Phelps, Brookston; Donna Potts, Newburgh; Dustin Potts, Newburgh; Emily Prarat, Vevay; Tara Price, Santa Claus; Justin Ralston, Angola; Megan Ramsey, Lafayette; Gail Rathbun, Akron; Justin Reininga, Clinton; Liz Retana, Oakland City; Jane Richardson, Farmersburg; Angie Riffle, Decatur; Beth Riggins, Odon; Matthew Riggins, Odon; Becca Robertson, Shirley; John Roebuck, LaPorte; John Rotruck, South Bend; Bill Rumbaugh, Morgantown; Becky Rushmore, Carmel; Devin Sailors, Walton; Jay Salge, Churubusco; Jenn Salla, Boswell; Joselyn Sands, Bowling Green; Kevin Schmidt, Brookville; Ryan Schmidt, Brookville; Megan Severe, Hudson; Nicholas Sheetz, Waynetown; Anne Shreiner, Elkhart; Emily Simpson, Star City; Jill Sink, Charlestown; Marilyn Sink, Charlestown; Colleen Sipple, Clarks Hill; Rachelle Sipple, Clarks Hill; Shoshannah Slack, Peru; Jill Steiner, Berne; Stacie Stiles, Montpelier; Tyler Stouder, Fort Wayne; Kathryn Stradling, Monticello; Lexie Stuart, Greenwood; Ashley Swango, Bedford; Mike Talbott, Fort Wayne; Travis Theising, Schnellville; Melissa Thorne, Winslow; Hugh Tonagel, LaPorte; Emily Trimble, Carlisle; Jeff Trimble, Carlisle; Anne Truitt, Indianapolis; Loren Tullis, Orland; Ashley Uhl, Corydon; Elise Vidrine, Markle; Steven Vitaniemi, Perrysville; Zach Voelz, Mooresville; Kristen Walters, St. Bernice; Susan Watjen, Vincennes; Adam Weaver, Aurora; Martha Weirich, Wakarusa; Mary Helen Weisheit, Rockville; Tina Wilcox, Griffith; Michelle Wiseman, Mount Vernon; Amy Wolfe, Brazil;

Whereas, Youth, adults, parents, families, volunteers, teachers, clergy, government leaders, and those who have a sincere commitment to youth can take part in the conversations;

Whereas, The conversations focus on five different themes–the power of youth, access equity, and opportunity, extraordinary places to live and learn, exceptional people, innovative practices, and effective organizational systems; and,

Whereas, 4-H has organized a National Conversation on Youth Development in the 21st Century in which over 100,00 people from over 3,067 counties in America will participate in conversations about youth: Therefore,

Be it resolved by the House of Representatives of the General Assembly of the State of Indiana, the Senate concurring:

SECTION 1. That the Indiana House of Representatives of the Indiana General Assembly honors those who are involved in the 4-H State Conversation on Youth in the 21st Century.

SECTION 2. That the Principal Clerk of the Indiana House of Representatives transmit a copy of this resolution to each person who was selected to participate in the State Conversation on youth.

The resolution was read a first time and adopted by voice vote. The Clerk was directed to inform the Senate of the passage of the resolution. Senate sponsor: Senator Hershman.

REPORTS FROM COMMITTEES

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Bill 1079, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 3, delete "27" and insert "**25**".

Page 2, line 5, delete "August 5, 1964" and insert "**February 28, 1961**".

Page 2, line 11, after "(A)" insert "**, to the satisfaction of the department of veterans' affairs**".

(Reference is to 1079 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 8, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Bill 1087, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 6, delete "least" and insert "**least:**

(1) the".

Page 2, line 6, delete "consecutive" and insert "**most recent**".

Page 2, line 7, delete "months." and insert "**months; or**

(2) fifteen (15) months of the most recent twenty-two (22) months.".

(Reference is to HB 1087 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 7, nays 1.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Bill 1130, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Page 2, between lines 15 and 16, begin a new paragraph and insert:

"SECTION 2. IC 13-21-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. (a) Except as provided in subsections (b) through (d), the board of a county district consists of the following members:

(1) Two (2) members appointed by the county executive from the membership of the county executive.

(2) One (1) member appointed by the county fiscal body from the membership of the fiscal body.

(3) One (1) member:

(A) who is the executive of the municipality having the largest population in the county if that municipality is a city; or

(B) appointed from the membership of the legislative body of a town if the town is the municipality having the largest population in the county.

The executive of a municipality described in clause (A) may appoint an individual to act as the executive's proxy on the board.

(4) One (1) member of the legislative body of the municipality with the largest population in the county appointed by the legislative body of that municipality.

(5) One (1) member:

(A) who is the executive of a city in the county that is not the

municipality having the largest population in the county; or (B) who is a member of the legislative body of a town that is not the municipality having the largest population in the county;

and who is appointed by the executive of that county to represent the municipalities in the county other than the municipality having the largest population.

(6) One (1) additional member appointed by the county executive from the membership of the county executive.

(b) If a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000) is designated as a county district, the executives of the three (3) cities in the county having the largest populations each serve as a member of the board or may appoint a member of the legislative body of their city to serve as a member of the board. If a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000) is designated as a county district, the executives of the two (2) cities in the county having the largest populations each serve as a member of the board. If a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000) is designated as a county district, the board of that county district must include the following:

(1) One (1) member of the legislative body of the city having the second largest population in the county, appointed by the president of the city legislative body.

(2) One (1) member of the legislative body of a town located in the county, appointed by the judge of the circuit court in the county.

(c) If a county having a consolidated city is designated a county district, the board of public works established under IC 36-3-5-6 constitutes the board of the county district.

(d) If a county designated as a county district has a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the board of the district consists of the following members:

(1) One (1) member appointed by the county executive from the membership of the county executive.

(2) Two (2) members appointed from the county fiscal body appointed from the membership of the county fiscal body.

(3) The executive of each second or third class city or a member of the legislative body of their city appointed by the executive.

(4) One (1) member of the legislative body of each town appointed by the legislative body.

(5) One (1) member of the legislative body of the municipality with the largest population in the county appointed by the legislative body of that municipality.

(6) If a local government unit in the county has an operating final disposal facility located within the unit's jurisdiction, one (1) member of the unit's board of public works appointed by the board of public works.

SECTION 3. IC 36-7-13-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) For purposes of this chapter, "improve" means to construct, reconstruct, or repair public ways, sidewalks, sewers, drains, fences, or buildings, and to do all other things that would enhance the value of real property and make it more suitable to industrial use.

(b) A unit may acquire by purchase, gift, or devise, and own, improve, maintain, sell, lease, convey, contract for, or otherwise deal in, real property for the development of industrial parks or industrial sites.

(c) A municipality may exercise powers granted by subsection (b) in areas within five (5) miles outside its corporate boundaries.

(d) When a district is designated under section 12(e) of this chapter, the unit may expend funds for the purposes set forth in subsections (a) and (b) to:

(1) develop; or

(2) enhance the value of;

real property used for retail purposes.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1130 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 8, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Bill 1213, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 7, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1217, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 13, nays 0.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred House Bill 1220, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 21, after "corporation" insert ", **the state,**".

Page 2, line 21, after "unit" insert "**as defined in IC 36-1-2-23**".

Page 2, line 22, after "of" insert "**the state or**".

Page 3, between lines 18 and 19, begin a new paragraph and insert:

"SECTION 2. IC 22-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

ARTICLE 6.5. COLLECTIVE BARGAINING FOR STATE AND PUBLIC SAFETY EMPLOYEES

Chapter 1. Collective Bargaining for State and Public Safety Employees: Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Bargain collectively" means to perform the obligation of an employer (through the employer's executive or the executive's designee) and of the designee of the exclusive representative to do the following:

(1) Meet at reasonable times, including meetings in advance of the budget making process.

(2) Negotiate in good faith concerning the following:

(A) Wages.

(B) Salaries.

(C) Hours.

(D) Salary and wage related benefits.

(E) All other terms and conditions of employment, including health and safety conditions.

(3) Execute a written contract incorporating an agreement if a written contract is requested by either party.

Sec. 3. "Bargaining unit" means the full-time employees or members of:

(1) a police department (as defined in IC 36-8-1-9);

(2) a fire department (as defined in IC 36-8-1-8); or

(3) a state agency (as defined in IC 4-15-1.8-1).

Subdivisions 1 and 2 do not include a person in an upper level policymaking position (as defined in IC 36-8-1-12), except a person in an upper level policymaking position included in an agreement in effect on July 1, 2002.

Sec. 4. "Board" refers to the Indiana education employment relations board created by IC 20-7.5-1-9.

Sec. 5. "Complainant" means an employer, employee,

employee organization, or exclusive representative that files a complaint with the board under IC 22-6.5-3.

Sec. 6. "Employee" means a person who is a member of a bargaining unit.

Sec. 7. "Employee organization" means an organization in which employees participate and that exists to deal with an employer concerning any of the following:

(1) Grievances.
(2) Labor disputes.
(3) Wages.
(4) Rates of pay.
(5) Hours of employment.
(6) Employment conditions.

Sec. 8. "Employer" means any of the following:

(1) A unit (as defined in IC 36-1-2-23) to which this article applies.
(2) A person designated by the unit to act in the unit's interests in dealing with employees.
(3) The state.
(4) A person designated by the state to act in the state's interests in dealing with employees.

Sec. 9. "Exclusive representative" means an employee organization that is:

(1) certified under IC 22-6.5-2 by the board; or
(2) recognized by the employer as the exclusive representative of the employees in a bargaining unit.

Sec. 10. "Respondent" means a person against whom a complainant files a complaint under IC 22-6.5-3.

Sec. 11. "Strike" includes concerted:

(1) willful absence from the employee's position;
(2) stoppage of work; or
(3) abstinence in whole or in part from the full and proper performance of the duties of employment.

Chapter 2. Collective Bargaining for State and Public Safety Employees: Employee Organizations

Sec. 1. This chapter applies to the state and all units (as defined in IC 36-1-2-23).

Sec. 2. The board shall implement and administer this chapter and IC 22-6.5-3 through IC 22-6.5-5. To do so, the board may exercise the powers granted to the board under IC 20-7.5-1-9.

Sec. 3. Employees may do the following:

(1) Form, join, or participate in employee organizations.
(2) Participate in collective bargaining with the employer through representatives of the employees' choosing.
(3) Engage in other activities, individually or in concert, to establish, maintain, or improve the following:
(A) Salaries.
(B) Wages.
(C) Hours.
(D) Salary and wage related fringe benefits.
(E) All other terms and conditions of employment, including health and safety conditions.

Sec. 4. An employer shall manage and direct the employer's operations and activities to the full extent authorized by law.

Sec. 5. An employer may do the following:

(1) Direct the work of an employee, except where otherwise provided by law.
(2) Establish policy.
(3) Hire, promote, demote, transfer, assign, and retain an employee in accordance with law and collective bargaining agreements.
(4) Suspend or discharge an employee in accordance with law.
(5) Maintain the efficiency of governmental operations.
(6) If a unit, take action necessary to carry out the missions of the police department or the fire department, or both.
(7) If the state, take action necessary to carry out the missions of the state.
(8) Protect the fiscal soundness and assure the continuation of vital public safety services.
(9) Take actions necessary to carry out the employer's responsibilities in emergencies, including any of the following:
(A) Riot.
(B) Military action.
(C) Natural disaster.
(D) Civil disorder.

Sec. 6. In accordance with rules adopted by the board under IC 4-22-2, the board shall investigate a petition filed with the board by:

(1) an employee organization alleging that thirty percent (30%) of the employees in the appropriate bargaining unit wish to be represented for collective bargaining purposes by an exclusive representative;
(2) an employer alleging that at least one (1) employee organization has presented a claim to be recognized as the exclusive representative in an appropriate bargaining unit; or
(3) an employee or a group of employees alleging that thirty percent (30%) of the employees assert that the designated exclusive representative is no longer the representative of the majority of employees in the bargaining unit.

Sec. 7. If the board has reasonable cause to believe that a question of representation exists, the board shall conduct a hearing within thirty (30) days after a petition is filed with the board. If the board finds upon the record of the hearing that a question of representation exists, the board shall do the following:

(1) Direct an election by secret ballot within thirty (30) days after the hearing.
(2) Certify the results within ten (10) days after the election.

Sec. 8. If the parties referred to in section 6 of this chapter waive the hearing, the board is not required to conduct a hearing under section 7 of this chapter before a consent election.

Sec. 9. The board shall determine who is eligible to vote in an election directed under section 7 of this chapter and shall establish rules governing the election, subject to the following conditions:

(1) To be placed on the ballot, an employee organization must be designated by more than ten percent (10%) of the employees in the unit.
(2) If none of the choices on the ballot receives a majority in an election but a majority of all votes cast are for representation by some employee organization, the board shall conduct a runoff election.
(3) An employee organization that receives the majority of the votes cast in an election shall be certified by the board as the exclusive representative.

Sec. 10. An election may not be directed in a bargaining unit or in a subdivision of a bargaining unit within which a valid election has been held in the preceding twelve (12) months.

Sec. 11. Notwithstanding sections 6 through 10 of this chapter, an employer shall recognize a particular employee organization as the exclusive representative of the employees within an appropriate bargaining unit if the employee organization presents to the employer evidence that the employee organization represents a majority of the employees within the bargaining unit, unless an employee organization or a group of employees representing employees within the bargaining unit files a written objection to recognition with the employer or the board.

Sec. 12. If:

(1) an employee organization, under section 11 of this chapter, provides an employer with evidence that the employee organization represents a majority of the employees within an appropriate bargaining unit; and
(2) no written objection to the recognition of the employee organization as the exclusive representative of the employees within the bargaining unit is filed under section 11 of this chapter by another employee organization or a group of employees representing the employees within the bargaining unit;

the board is not required to hold a hearing or to direct an election on the question of whether the employee organization

referred to in subdivision (1) shall be recognized as the exclusive representative of the employees within the bargaining unit.

Sec. 13. Before recognizing an employee organization as an exclusive representative under section 11 of this chapter, the employer must post a written public notice of the employer's intention to recognize the employee organization as the exclusive representative of the employees within the bargaining unit. The notice must be posted in a place where it will be seen by the employees within the bargaining unit for at least thirty (30) days immediately preceding the recognition.

Sec. 14. In a case in which:

(1) there is a historical pattern of recognition; and

(2) the employer has recognized an employee organization as the sole and exclusive bargaining agent for an existing bargaining unit;

the board shall find that the employees in the bargaining unit are represented by that employee organization and recognize the employee organization as the exclusive representative.

Sec. 15. A determination made under this chapter that an employee organization has been chosen as the exclusive representative by a majority of the employees in an appropriate bargaining unit is subject to judicial review under the same procedure, time limits, and other requirements as are set forth in IC 22-6.5-3-13 though IC 22-6.5-3-23 for review of an order of the board. The record of the board's determination of the appropriate bargaining unit and the exclusive representative may be a part of the transcript of a proceeding under this section.

Sec. 16. An employer, upon receipt of a written authorization from an employee subject to this chapter, shall:

(1) deduct from the pay of the employee the dues, fees, or assessments designated or certified by the appropriate officer of an employee organization; and

(2) remit those amounts to the employee organization.

Sec. 17. A collective bargaining agreement with an employee organization that is recognized as an exclusive representative under this chapter may include a provision requiring an employee who is covered by the collective bargaining agreement but is not a member of the employee organization to pay a proportionate share of the costs of the collective bargaining process, contract administration, and matters affecting wages, hours, and conditions of employment. This proportionate share may not exceed the amount of dues uniformly required of members of the employee organization.

Sec. 18. An employee organization referred to in section 17 of this chapter shall certify to an employer the amount constituting each nonmember employee's proportionate share. The employer shall deduct the proportionate share payment from the earnings of a nonmember employee and pay the amount to the employee organization.

Sec. 19. Only the exclusive representative of the employees within a bargaining unit may negotiate provisions in a collective bargaining agreement providing for the payroll deduction of any of the following:

(1) Labor organization dues.

(2) Fair share payment.

(3) Initiation fees.

(4) Assessments.

Sec. 20. Except as provided in sections 17 and 18 of this chapter, deductions may be made only upon an employee's written authorization and shall be continued until:

(1) revoked in writing; or

(2) the termination date of the applicable collective bargaining agreement.

Sec. 21. A collective bargaining agreement providing for an employee who is not a member of the employee organization recognized as the exclusive representative to pay a proportionate share agreement must safeguard the right of nonassociation based upon bona fide religious tenets of an employee. An affected employee may be required to pay an amount equal to the employee's proportionate share, determined under a lawful proportionate share agreement, to a nonreligious charitable organization agreed upon by the employee and the exclusive representative to which the employee would otherwise pay the service fee.

Sec. 22. If an affected employee referred to in section 21 of this chapter and the exclusive representative are unable to agree on a payment under section 21 of this chapter, the board may establish an approved list of charitable organizations to which the payments may be made.

Sec. 23. It is an unfair labor practice for an employer to do any of the following:

(1) Interfere with, restrain, or coerce an employee in the exercise of the rights guaranteed in this chapter or IC 22-6.5-3 through IC 22-6.5-5.

(2) Dominate, interfere, or assist in the formation or administration of an employee organization, or contribute financial or other support to an employee organization.

(3) Discriminate in regard to:

(A) hiring practices;

(B) tenure of employment; or

(C) a term or condition of employment;

to encourage or discourage membership in an employee organization.

(4) Discharge or otherwise discriminate against an employee because that employee has:

(A) filed a complaint, an affidavit, or a petition; or

(B) given information or testimony under this chapter or IC 36-11-3.

(5) Refuse to bargain collectively in good faith with an exclusive representative concerning the following:

(A) Wages.

(B) Rates of pay.

(C) Hours.

(D) Working conditions.

(E) Any other terms or conditions of employment.

(6) Fail or refuse to comply with this chapter or IC 22-6.5-3 through IC 22-6.5-5.

Sec. 24. It is an unfair labor practice for an employee organization to do any of the following:

(1) Interfere with, restrain, or coerce:

(A) an employee in the exercise of the rights guaranteed in this chapter or IC 22-6.5-3 through IC 22-6.5-5; or

(B) an employer in the selection of an exclusive representative for collective bargaining or the adjustment of grievances.

(2) Cause or attempt to cause an employer to discriminate against an employee contrary to section 23 of this chapter.

(3) Refuse to bargain collectively in good faith with an employer if the employee organization is the exclusive representative.

(4) Engage in a strike.

(5) Fail to comply with this chapter or IC 22-6.5-3 through IC 22-6.5-5.

Sec. 25. It is not an unfair labor practice for an employer to confer with an employee without loss of time or pay by the employee during working hours.

Sec. 26. It is not an unfair labor practice for an employee organization to adopt rules concerning the acquisition or retention of membership in the employee organization.

Chapter 3. Collective Bargaining for State and Public Safety Employees: Complaints

Sec. 1. This chapter applies to all units.

Sec. 2. (a) An employer, employee, employee organization, or exclusive representative who is aggrieved by an alleged unfair labor practice may file a complaint with the board.

(b) The board shall serve a copy of the complaint on the respondent complained of and notify the respondent of the date and place of a hearing on the complaint.

Sec. 3. (a) The board shall hold a hearing on a complaint not less than five (5) days or more than thirty (30) days after the complaint is served on the respondent.

(b) A notice of a hearing may not be issued based upon an alleged unfair labor practice occurring more than ninety (90)

days before the filing of the complaint, unless the complainant was prevented from filing the complaint because of service in the armed forces. In that event, the complaint must be filed not more than ninety (90) days after the complainant's discharge from the armed forces.

Sec. 4. (a) A complaint may be amended by the complainant at any time before the issuance of an order by the board if the respondent would not be unfairly prejudiced by the amendment.

(b) The respondent shall file an answer to the original or amended complaint. The complainant and the respondent are parties and are entitled to appear in person or otherwise give testimony at the hearing. At the discretion of the board, an interested person may be allowed to intervene in the hearing and present testimony.

Sec. 5. The board is not bound by the rules of evidence in conducting a hearing under this chapter. Testimony received at a hearing shall be reduced to writing and filed with the board. After receiving the testimony, the board may take further testimony or hear arguments upon notice to the parties.

Sec. 6. (a) In a proceeding on a complaint under this chapter, the board shall make a determination based on the preponderance of evidence received.

(b) If the board determines that the respondent was or is engaged in an unfair labor practice, the board shall state the findings of fact and serve on the respondent an order requiring that the respondent cease the unfair labor practice and take affirmative actions, including reinstatement of an employee with or without back pay, to carry out this chapter, IC 22-6.5-2, IC 22-6.5-4, or IC 22-6.5-5. The order may further require that the respondent make reports showing the extent of the respondent's compliance with the order.

Sec. 7. If the board determines that a respondent:

(1) did not engage in; or

(2) is not engaging in;

an unfair labor practice, the board shall state the findings of fact and dismiss the complaint.

Sec. 8. A hearing may be conducted by:

(1) a member of the board; or

(2) a hearing examiner or an agency designated by the board;

instead of by the full board. However, after the hearing, the member, hearing examiner, or agency shall serve on the parties and file with the board proposed findings and a recommended order.

Sec. 9. If an exception is not filed by a party:

(1) within twenty (20) days after service on the parties; or

(2) within a period authorized by the board;

the recommended order filed under section 8 of this chapter becomes the order of the board.

Sec. 10. If an exception to a recommended order filed under section 8 of this chapter is filed, the board shall grant review if the board determines that the exception raises a substantial issue of fact or law.

Sec. 11. If the board determines that an exception to a recommended order filed under section 8 of this chapter does not raise a substantial issue of fact or law, the recommended order becomes the order of the board.

Sec. 12. An order of the board under sections 8 through 11 of this chapter is a final order and binding on the parties to the complaint, subject to judicial review under sections 13 through 23 of this chapter.

Sec. 13. Not later than thirty (30) days after service of the board's order on the complainant and respondent under:

(1) IC 22-6.5-2-6 through IC 22-6.5-2-15; or

(2) sections 1 through 11 of this chapter;

the board or the complainant may petition the circuit or superior court of a county in which the unit is located for an employee of a unit, and for an employee of the state in the county in which the employee is employed for the enforcement of the board's order and for appropriate relief.

Sec. 14. A party aggrieved by the board's order may petition the court for a review of the order and for appropriate relief. If a petition is not filed within the thirty (30) day period allowed by section 13 of this chapter, the order may not be reviewed. The board shall then file a petition with the court to enforce the order.

Sec. 15. The commencement of proceedings after the filing of a petition under section 14 of this chapter does not, unless specifically ordered by the court, operate as a stay of the board's order.

Sec. 16. After a petition is filed under section 14 of this chapter, the court shall have notice of the petition served upon the parties and send a copy to the board. If the plaintiff is an employee under IC 22-6.5-1-3(3), the notice shall be served upon the attorney general as provided in IC 4-6-2-1, who shall defend the action.

Sec. 17. In a proceeding on a petition filed under section 14 of this chapter, an objection that was not made at the hearing conducted under section 8 of this chapter may not be considered by the court, unless the failure to make the objection is excused because of extraordinary circumstances.

Sec. 18. If either party to a petition filed under section 14 of this chapter applies to the court for leave to introduce additional evidence and shows to the satisfaction of the court that:

(1) the additional evidence is material; and

(2) there were reasonable grounds for the failure to introduce the evidence in the hearing conducted under section 8 of this chapter;

the court may order the additional evidence to be taken by the board and made a part of the record.

Sec. 19. After a court, under section 18 of this chapter, orders the board to make additional evidence a part of the record, the board:

(1) may modify the findings of fact by reason of the additional evidence; and

(2) shall file any modified findings and any recommendations for a modification or setting aside of the original order with the court.

Sec. 20. A party who petitions a court for review of an order of the board under section 14 of this chapter must file a record of the hearing, certified by the board, with the court. Until a record of the hearing is filed, the board may, at any time upon reasonable notice, modify or set aside all or part of a finding or an order made or issued by the board.

Sec. 21. After the record of a hearing conducted under section 8 of this chapter is filed with the court under section 20 of this chapter, the jurisdiction of the court to modify, set aside, or enforce a board's order and to grant other appropriate relief is exclusive, and the court's judgment and decree are final, subject to review in accordance with the rules of court.

Sec. 22. Petitions filed under section 13 of this chapter shall be heard not later than sixty (60) days after the petitions are docketed. The petition takes precedence over all other civil matters except matters of the same character docketed earlier.

Sec. 23. In a court's review of an order of the board under this chapter, the original or modified findings of fact by the board with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, are conclusive.

Chapter 4. Collective Bargaining for State and Public Safety Employees: Mediation and Arbitration

Sec. 1. This chapter applies to all bargaining units.

Sec. 2. Employers and employees shall bargain collectively. The parties shall enter into a contract embodying the matters on which the parties have agreed during the collective bargaining process.

Sec. 3. A contract may not include provisions in conflict with any of the following:

(1) A right or benefit established by federal or state law.

(2) Employee rights described in this article.

(3) Employer rights described in this article.

Sec. 4. A collective bargaining contract may be in effect for more than one (1) year.

Sec. 5. A contract entered into under section 2 of this chapter must contain a grievance resolution procedure that applies to all

employees in the bargaining unit. This procedure must provide for the final and binding arbitration of disputes concerning the administration or interpretation of the contract. The arbitration provisions of the contract are subject to IC 34-57-1.

Sec. 6. Collective bargaining must begin by May 1 of a year in which a collective bargaining agreement is to expire. The parties shall inform the board of the results of collective bargaining.

Sec. 7. If the exclusive representative and the employer have not agreed on a contract forty-five (45) days after collective bargaining begins under section 6 of this chapter, either party may:

(1) notify the board of the inability to reach an agreement; and

(2) ask the board for mediation to begin.

Sec. 8. The board shall make a mediator available to the parties at the board's expense within seven (7) days after the board is notified under section 7 of this chapter.

Sec. 9. The mediator provided under section 8 of this chapter shall communicate with both the employer and the exclusive representative and aid the employer and exclusive representative in making a settlement so that the parties may enter into a contract.

Sec. 10. If a dispute has not been resolved, twenty-one (21) days after either party makes a request for mediation under section 7 of this chapter the employer or exclusive representative shall submit a written request for arbitration to the board.

Sec. 11. Not later than ten (10) days after a request for arbitration must be filed under section 10 of this chapter, the employer and the exclusive representative shall each select a member to a panel of arbitration. The employer and exclusive representative shall advise each other and the board of the selections.

Sec. 12. Not later than seven (7) days after the request of either party for arbitration is submitted to the board under section 10 of this chapter, the board shall select from the permanent staff of fact finders or panel of part time fact finders established under IC 20-7.5-1-13 five (5) persons as nominees to serve as impartial arbitrators on the arbitration panel. Not later than five (5) days after the selection, the parties shall each alternately strike the names of two (2) of the nominees, with the first person to request arbitration under section 10 of this chapter striking first.

Sec. 13. The member remaining after the striking process under section 12 of this chapter and the members selected by the employer and the exclusive representative constitute the panel. The panel member not struck under section 12 of this chapter is the chairperson of the arbitration panel.

Sec. 14. The chairperson of the arbitration panel shall schedule a hearing to begin not later than fifteen (15) days after the panel's membership is selected and shall give reasonable notice of the date, time, and place of the hearing to the parties. The hearing shall be held at a location the board considers appropriate. The chairperson shall preside over the hearing and take testimony.

Sec. 15. Oral or documentary evidence and other data considered relevant by the arbitration panel may be received in evidence at an arbitration hearing held under this chapter. The hearing shall be informal and the rules of evidence do not apply. A verbatim record of the hearing must be made. The arbitrator shall arrange for the necessary recording service. Transcripts may be ordered at the expense of the party ordering the transcripts, but the transcripts are not necessary for a decision by the arbitration panel.

Sec. 16. If a member of an arbitration panel assembled under this chapter is a public officer or employee, the public officer or employee continues on the payroll of the employer without loss of pay.

Sec. 17. A hearing conducted by an arbitration panel under this chapter may be adjourned periodically but, unless otherwise agreed to by the parties, must be concluded not later than thirty (30) days after the date of commencement. Arbitration proceedings under this chapter may not be interrupted or terminated by an unfair labor practice charge filed by either party at any time.

Sec. 18. An arbitration panel may do the following:

(1) Administer oaths.

(2) Require the attendance of witnesses and the production of evidence considered material to a just determination of an issue in dispute.

Sec. 19. An arbitration panel may issue a subpoena under section 18 of this chapter.

Sec. 20. If:

(1) a person refuses to obey a subpoena or to be sworn or to testify; or

(2) a witness, a party, or an attorney is guilty of contempt at a hearing;

the arbitration panel may request the circuit or superior court where the hearing is held to issue an order.

Sec. 21. The failure to obey an order issued at the request of an arbitration panel under section 20 of this chapter may be punished by the court as contempt.

Sec. 22. Before an award is made, the chairperson of an arbitration panel may remand the dispute to the parties for further collective bargaining for a period not to exceed two (2) weeks. If the dispute is remanded, the time provisions of this chapter are extended for a period equal to that of the remand. The chairperson of the arbitration panel shall notify the board of a remand under this section.

Sec. 23. Not later than the conclusion of a hearing held under section 14 of this chapter, the arbitration panel shall identify the economic issues in dispute and direct each party to submit to the arbitration panel and to each other, within the time limit the panel prescribes, each party's last offer of settlement on each economic issue. The determination of an arbitration panel is conclusive concerning the identification of issues in dispute and issues that are economic.

Sec. 24. (a) The arbitration panel shall make written findings of fact and adopt a written opinion not later than the end of:

(1) thirty (30) days after the conclusion of a hearing; or

(2) any further additional periods to which the parties agree.

(b) The arbitration panel shall mail a copy of the opinion to the parties, the representatives of the parties, and the board.

Sec. 25. (a) As to economic issues, the arbitration panel shall, on an issue by issue basis, adopt the last offer of settlement that, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in section 26 of this chapter.

(b) The findings, opinions, and order as to all other issues must also be based upon the applicable factors prescribed in section 26 of this chapter.

Sec. 26. If there is no agreement between the parties, or if there is an agreement but the parties have begun negotiations or discussions for a new agreement or an amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions, and order upon the following factors:

(1) The lawful authority of the employer.

(2) Stipulations of the parties.

(3) The interests and welfare of the public and the financial ability of the employer to meet the costs.

(4) Comparison of the wages, hours, and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours, and conditions of employment of employees performing similar services and with other employees generally in comparable communities.

(5) The average consumer prices for goods and services.

(6) The overall compensation currently received by the employees, including the following:

(A) Direct wage compensation, vacations, holidays, and other excused time.

(B) Insurance, pension, medical, and hospitalization benefits.

(C) The continuity and stability of employment.

(7) Changes in any of the circumstances during the arbitration proceedings.

(8) Other factors normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment through voluntary collective bargaining, mediation, factfinding, or arbitration between parties in public or private employment.

Sec. 27. If a fiscal year begins:

(1) after the initiation of arbitration procedures under this chapter; and

(2) before the arbitration decision or enforcement of the decision;

this occurrence does not render a dispute moot or impair the jurisdiction or authority of the arbitration panel or the decision.

Sec. 28. Except as provided in section 29 of this chapter, an increase in rates of compensation awarded by an arbitration panel under this chapter is effective at the beginning of the employer's fiscal year beginning on or after the date of the arbitration award.

Sec. 29. If a fiscal year begins after the initiation of arbitration procedures, section 28 of this chapter does not apply. However, an increase awarded by an arbitration panel under this chapter may be retroactive to the beginning of the fiscal year.

Sec. 30. The parties may, by stipulation, amend or modify an award of arbitration under this chapter.

Sec. 31. The costs of arbitration under this chapter shall be shared equally by the parties.

Sec. 32. Upon petition by either the employer or the exclusive representative, an order of an arbitration panel under this chapter may be reviewed by the circuit or superior court in the county in which the dispute arose or in which a majority of the affected employees reside. However, the only grounds upon which the panel's order may be reviewed are that:

(1) the arbitration panel was without authority or exceeded the panel's authority;

(2) the order is arbitrary or capricious; or

(3) the order was procured by fraud, collusion, or unlawful means.

Sec. 32. A petition for review of an order of an arbitration panel under section 31 of this chapter must be filed with the circuit court not later than ninety (90) days after the issuance of the arbitration order. The pendency of the proceeding for review does not automatically stay the order of the arbitration panel.

Sec. 33. The court shall hear the evidence with respect to the issues raised under section 32 of this chapter and may reverse the order of the arbitration panel only if one of the grounds in section 32 is found.

Sec. 34. During the pendency of proceedings before an arbitration panel, currently applicable wages, hours, and other conditions of employment may not be changed by either party without the consent of the other. However, a party may consent to a change without prejudice to the party's rights or position under IC 22-6.5-2 or this chapter.

Sec. 35. An employee covered under IC 22-6.5-2 and this chapter may not withhold services.

Sec. 36. An employer may not lock out or prevent an employee from performing services.

Sec. 37. (a) If the employer is a unit (as defined in IC 36-1-2-23), all terms decided upon by an arbitration panel under this chapter must be included in an agreement to be submitted to the employer's legislative body for ratification and:

(1) adoption by ordinance if the unit is a county or municipality; or

(2) passage of a resolution if the unit is a township.

(b) The legislative body of the unit shall review each of the terms decided by an arbitration panel under this chapter.

Sec. 38. If the legislative body of a unit (as defined in IC 36-1-2-23) does not reject a term of an arbitration panel's decision by a vote of at least sixty percent (60%) of all the members of the body within twenty (20) days after the issuance of the decision, the term becomes a part of the collective bargaining agreement.

Sec. 39. If the legislative body of a unit (as defined in IC 36-1-2-23) rejects a term of the arbitration panel's decision, the legislative body must issue written reasons for the rejection of the term to the parties within twenty (20) days after the rejection. Written reasons must be issued under this section for each term that is rejected. The parties shall then return to the arbitration panel within thirty (30) days after the issuance of the reason for rejection for further proceedings and the issuance of a supplemental decision with respect to the rejected terms.

Sec. 40. A supplemental decision made under section 39 of this chapter by an arbitration panel or other decisionmaker selected by the parties must be submitted to the legislative body of a unit for ratification in accordance with sections 37 through 39 of this chapter.

Sec. 41. The voting requirements of section 38 of this chapter apply to all disputes submitted to arbitration, notwithstanding inconsistent voting requirements that may be contained in a collective bargaining agreement between the parties.

Sec. 42. The employer shall pay all reasonable costs of a supplemental proceeding under section 39 of this chapter, including the exclusive representative's reasonable attorney's fees, as established by the board.

Sec. 43. The employer and exclusive representative may agree to submit unresolved disputes concerning wages, hours, terms, and conditions of employment to an alternative form of impasse resolution without regard to this chapter.

Sec. 44. Except as provided in sections 8 and 42 of this chapter, the cost of procedures under this chapter as determined by the board shall be paid equally by the parties. The board shall establish a complete procedure for the collection and payment of the cost.

Sec. 45. After the exhaustion of an arbitration mandated by this chapter or procedures mandated by a collective bargaining agreement, a civil action for the violation of an agreement between an employer and a labor organization representing employees may be brought by either party to the agreement in the circuit or superior court of a county in which:

(1) the employer transacts business; or

(2) the employer's principal office is located.

Chapter 5. Collective Bargaining for State and Public Safety Employees: Miscellaneous Provisions

Sec. 1. This chapter applies to state and all units (as defined in IC 36-1-2-23).

Sec. 2. If this chapter or IC 22-6.5-2 through IC 22-6.5-4 conflicts with an Indiana statute, rule, or executive order relating to wages, hours, and conditions of employment and employment relations, this chapter or IC 22-6.5-2 through IC 22-6.5-4 prevails.

Sec. 3. For purposes of IC 36-1-3-6, this chapter and IC 22-6.5-2 through IC 22-6.5-4 provide the exclusive manner for a unit to exercise the power to bargain collectively with the unit's police and fire department employees.

Sec. 4. An employee or exclusive representative may not participate in a strike against an employer.

Sec. 5. An employee engaging in a strike is subject to discharge by the employer, as provided for members of police and fire departments of towns and townships in IC 36-8-3-4.

Sec. 6. An exclusive representative that engages in or sanctions a strike loses the right to represent the employees for one (1) year after the date of the action.

Sec. 7. An employer may not pay an employee for days during which the employee was engaged in a strike.".

Page 3, line 22, delete "IC 36-11." and insert "**IC 22-6.5.**".

Page 3, delete lines 23 through 42.

Delete pages 4 through 19.

Page 20, delete lines 1 through 36.

Renumber all SECTIONS consecutively.

(Reference is to HB 1220 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 7, nays 4.

LIGGETT, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Bill 1235, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 6, nays 1.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Bill 1245, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, line 31, delete "that become".

(Reference is to HB 1245 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 8, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1346, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 1.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred House Bill 1347, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 13, delete "a".

Page 1, line 13, after "presumed" delete "disability".

Page 2, line 29, delete "presumed".

Page 2, line 29, after "death" insert "**presumed**".

Page 2, line 34, delete "Presumed".

Page 2, line 35, after "Disability" insert "**Presumed Incurred in the Line of Duty**".

Page 6, line 9, after "death" insert "**presumed**".

Page 6, line 23, delete "is presumed" and insert "**has**".

Page 6, line 24, delete "to have".

Page 6, line 24, delete "or death" and insert "**presumed**".

Page 7, line 3, delete "presumed".

Page 7, line 3, after "death" insert "**presumed**".

Page 8, line 28, delete "presumed".

Page 8, line 28, after "disability" insert "**presumed**".

Page 11, line 18, delete "presumed".

Page 11, line 18, after "death" insert "**presumed**".

Page 12, line 28, delete "presumed".

Page 12, line 28, after "disability" insert "**presumed**".

Page 14, line 20, delete "presumed".

Page 14, line 20, after "death" insert "**presumed**".

Page 16, line 5, delete "presumed".

Page 16, line 5, after "disability" insert "**presumed**".

Page 17, line 40, delete "presumed".

Page 17, line 40, after "disability" insert "**presumed**".

Page 21, line 27, delete "presumed".

Page 21, line 27, after "death" insert "**presumed**".

Page 24, line 9, delete "presumed".

Page 24, line 9, after "death" insert "**presumed**".

Page 24, line 23, delete "presumed".

Page 24, line 23, after "disability" insert "**presumed**".

(Reference is to HB 1347 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

LIGGETT, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Bill 1360, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 11, delete "." and insert "**or another group recognized by a political subdivision (as defined in IC 36-1-2-13) as a group providing firefighting or other emergency services to the area served by the political subdivision, the majority of members of which receive no compensation or nominal compensation for their services.**".

Page 4, line 39, after "name," insert "**title,**".

Page 4, line 40, delete "." and insert "**and a description of any contractual relationship that the person has with the eligible recipient, if the person is not a member or an employee of the eligible recipient.**".

Page 5, line 4, delete "of" and insert "**where**".

Page 5, line 4, delete "." and insert "**will be located when completed.**".

Page 5, line 11, after "previously" insert "**appropriated or**".

Page 6, line 31, delete "Appear" and insert "**Upon request, provide for the contact person specified in the project statement or another person who is knowledgeable about the project to appear**".

Page 6, line 31, delete ", upon request,".

Page 7, line 3, after "the" insert "**provisions of the**".

Page 7, line 3, delete "," and insert "**described in subdivisions (1) through (7),**".

Page 7, line 24, delete "The" and insert "**Upon receipt of documentation showing that the eligible recipient has paid or is contractually obligated to pay an expenditure for a project, the**".

Page 7, line 24, delete "in" and insert "**.**".

Page 7, delete line 25.

Page 7, line 26, delete "expenses incurred by the eligible recipient.".

Page 7, line 28, "delete "reasonable" and insert "**at least seven (7) days**".

(Reference is to HB 1360 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 8, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1403, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 25-1-5-4, AS AMENDED BY P.L.44-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) The bureau shall employ necessary staff, including specialists and professionals, to carry out the administrative duties and functions of the boards, including but not limited to:

(1) notice of board meetings and other communication services;

(2) recordkeeping of board meetings, proceedings, and actions;

(3) recordkeeping of all persons licensed, regulated, or certified by a board;

(4) administration of examinations; and

(5) administration of license or certificate issuance or renewal.

(b) In addition the bureau:

(1) shall prepare a consolidated statement of the budget requests of all the boards in section 3 of this chapter;

(2) may coordinate licensing or certification renewal cycles, examination schedules, or other routine activities to efficiently utilize bureau staff, facilities, and transportation resources, and to improve accessibility of board functions to the public; and

(3) may consolidate, where feasible, office space, recordkeeping, and data processing services.

(c) In administering the renewal of licenses or certificates under this chapter, the bureau shall ~~issue a sixty (60) day notice of expiration to all holders of a license or certificate. The notice shall be accompanied by appropriate renewal forms.~~ **send a notice of the upcoming expiration of a license or certificate to each holder of a license or certificate at least sixty (60) days before the expiration of the license or certificate. The notice must inform the holder of the license or certificate of the need to renew and the requirement of payment of the renewal fee. If this notice of expiration is not sent by the bureau, the holder of the license or certificate is not subject to a sanction for failure to renew if, once notice is received from the bureau, the license or certificate is renewed within forty-five (45) days after receipt of the notice.**

(d) In administering an examination for licensure or certification, the bureau shall make the appropriate application forms available at least thirty (30) days before the deadline for submitting an application to all persons wishing to take the examination.

(e) The bureau may require an applicant for license renewal to submit evidence proving that:

(1) the applicant continues to meet the minimum requirements for licensure; and

(2) the applicant is not in violation of:

(A) the statute regulating the applicant's profession; or

(B) rules adopted by the board regulating the applicant's profession.

(f) The bureau shall process an application for renewal of a license or certificate:

(1) not later than ten (10) days after the bureau receives all required forms and evidence; or

(2) within twenty-four (24) hours after the time that an applicant for renewal appears in person at the bureau with all required forms and evidence.

This subsection does not require the bureau to issue a renewal license or certificate to an applicant if subsection (g) applies.

(g) The bureau may delay issuing a license renewal for up to ninety (90) days after the renewal date for the purpose of permitting the board to investigate information received by the bureau that the applicant for renewal may have committed an act for which the applicant may be disciplined. If the bureau delays issuing a license renewal, the bureau shall notify the applicant that the applicant is being investigated. Except as provided in subsection (h), before the end of the ninety (90) day period, the board shall do one (1) of the following:

(1) Deny the license renewal following a personal appearance by the applicant before the board.

(2) Issue the license renewal upon satisfaction of all other conditions for renewal.

(3) Issue the license renewal and file a complaint under IC 25-1-7.

(4) Request the office of the attorney general to conduct an investigation under subsection (i) if, following a personal appearance by the applicant before the board, the board has good cause to believe that there has been a violation of IC 25-1-9-4 by the applicant.

(5) Upon agreement of the applicant and the board and following a personal appearance by the applicant before the board, renew the license and place the applicant on probation status under IC 25-1-9-9.

(h) If an individual fails to appear before the board under subsection (g), the board may take action on the applicant's license allowed under subsection (g)(1), (g)(2) or (g)(3).

(i) If the board makes a request under subsection (g)(4), the office of the attorney general shall conduct an investigation. Upon completion of the investigation, the office of the attorney general may file a petition alleging that the applicant has engaged in activity described in IC 25-1-9-4. If the office of the attorney general files a petition, the board shall set the matter for a hearing. If, after the hearing, the board finds the practitioner violated IC 25-1-9-4, the board may impose sanctions under IC 25-1-9-9. The board may delay issuing the renewal beyond the ninety (90) days after the renewal date until a final determination is made by the board. The applicant's license remains valid until the final determination of the board is rendered unless the renewal is denied or the license is summarily suspended under IC 25-1-9-10.

(j) The license of the applicant for a license renewal remains valid during the ninety (90) day period unless the license renewal is denied following a personal appearance by the applicant before the board before the end of the ninety (90) day period. If the ninety (90) day period expires without action by the board, the license shall be automatically renewed at the end of the ninety (90) day period.

(k) Notwithstanding any other statute, the bureau may stagger license or certificate renewal cycles. However, if a renewal cycle for a specific board or committee is changed, the bureau must obtain the approval of the affected board or committee.".

(l) An application for a license, certificate, registration, or permit is abandoned, without an action of the board, if the applicant does not complete the requirements to complete the application within one (1) year after the date on which the application was filed. However, the board may, for good cause shown, extend the validity of the application for additional thirty (30) day periods. An application submitted after the abandonment of an application is considered a new application.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1403 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Joint Resolution 2, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said rseolution do pass.

Committee Vote: yeas 8, nays 0.

MOSES, Chair

Report adopted.

OTHER BUSINESS ON THE SPEAKER'S TABLE

Reassignments

The Speaker announced the reassignment of House Bill 1047 from the Committee on Public Health to the Committee on Ways and Means.

The House recessed until the fall of the gavel.

RECESS

The House reconvened at 3:50 p.m. with the Speaker in the Chair.

ENGROSSED HOUSE BILLS ON THIRD READING

Engrossed House Bill 1004

Representative Bauer called down Engrossed House Bill 1004 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning state and local fiscal matters and to make an appropriation.

The bill was read a third time by sections and placed upon its passage.

HOUSE MOTION
(Amendment 1004–15)

Mr. Speaker: I move that Engrossed House Bill 1004 be recommitted to a Committee of One, its author, with specific instructions to amend as follows:

Replace the effective date in SECTION 6 with "[EFFECTIVE JULY 1, 2002]".

Replace the effective date in SECTION 65 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTION 66 with "[EFFECTIVE DECEMBER 1, 2002]".

Replace the effective date in SECTION 67 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTIONS 69 through 77 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective dates in SECTIONS 78 through 83 with "[EFFECTIVE DECEMBER 1, 2002]".

Replace the effective date in SECTION 320 with "[EFFECTIVE JULY 1, 2002]".

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-3-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) As used in this chapter, "Indiana small business development corporation" or "corporation" refers to the corporation established under this section.

(b) The governor may request, on behalf of the state, the establishment of a private not-for-profit corporation to carry out the purposes of this chapter. If:

(1) such a corporation is established;

(2) the corporation satisfies the conditions imposed by section 2 of this chapter; and

(3) the governor certifies the corporation;

the corporation may perform the functions provided by section 3 of this chapter. Before certification by the governor, the corporation must conduct a public hearing for the purpose of giving all interested parties an opportunity to review and comment upon the articles of incorporation, bylaws, and methods of operation of the corporation. Notice of the hearing must be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b).

(c) The corporation is part of the economic development corporation under 4-3-13.7. The articles of incorporation and bylaws of the corporation shall be amended to reflect that the board of the corporation is advisory to the Indiana economic development corporation.

SECTION 2. IC 4-3-12-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) The articles of incorporation and bylaws of the Indiana small business development corporation must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by encouraging the organization and development of new business enterprises, including technologically oriented enterprises;

(2) the board of directors of the corporation is composed of:

(A) ~~the lieutenant governor or~~ the lieutenant governor's designee;

(B) two (2) persons appointed by the governor from recommendations provided by statewide business organizations;

(C) two (2) persons appointed by the governor to represent local host organizations of the small business development center network; and

(D) four (4) persons appointed by the governor, who must have experience in business, finance, education, entrepreneurship, or technology development;

(3) ~~the governor shall appoint one (1) of~~ the members ~~of the board of directors to serve as chairman of the board at the pleasure of the governor~~ **shall elect one (1) of the members to serve as chairperson;**

(4) the corporation may receive money from any source, may enter into contracts, and may expend money for any activities appropriate to its purpose;

(5) **subject to approval of the economic development corporation,** the corporation may appoint staff and do all other things necessary or incidental to carrying out the functions listed in section 3 of this chapter;

(6) any changes in the articles of incorporation or bylaws must be approved by the ~~governor~~ **economic development corporation;**

(7) the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;

(8) the annual report shall include detailed information on the structure, operation, and financial status of the corporation;

(9) the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and

(10) the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

(b) Not more than five (5) of the members of the board of directors of the corporation may be members of the same political party.

(c) The corporation is part of the economic development corporation under 4-3-13.7. The articles of incorporation and bylaws of the corporation shall be amended to reflect that the board of the corporation is advisory to the Indiana economic development corporation.

SECTION 3. IC 4-3-13.7 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 13.7. Economic Development Corporation

Sec 1. As used in this chapter, "corporation" refers to the economic development corporation established by section 2 of this chapter.

Sec 2. (a) There is established a body politic and corporate, not a state agency but an independent instrumentality exercising essential public functions, to be known as the economic development corporation.

(b) The corporation is composed of the following thirteen (13) members, none of whom may currently be serving as members of the general assembly:

(1) One (1) person appointed by the governor who must be employed in or retired from the private or nonprofit sector.

(2) One (1) person appointed by the lieutenant governor who must be employed in or retired from the private or nonprofit sector.

(3) One (1) person appointed by the speaker of the house of representatives who must be employed in or retired from the private or nonprofit sector.

(4) One (1) person appointed by the minority leader of the house of representatives who must be employed in or retired from the private or nonprofit sector.

(5) One (1) person appointed by the president pro tempore of the senate who must be employed in or retired from the private or nonprofit sector.

(6) One (1) person appointed by the minority leader of the senate who must be employed in or retired from the private or nonprofit sector.

(7) One (1) person appointed by the president of Indiana University who must be employed in or retired from the private or nonprofit sector or academia.

(8) One (1) person appointed by the president of Purdue University who must be employed in or retired from the private or nonprofit sector or academia.

(9) One (1) person appointed by the president of Indiana State University who must be employed in or retired from the private or nonprofit sector or academia.

(10) One (1) person appointed by the president of Ball State University who must be employed in or retired from the private or nonprofit sector or academia.

(11) One (1) person appointed by the president of the University of Southern Indiana who must be employed in or retired from the private or nonprofit sector or academia.

(12) One (1) person appointed by the president of Ivy Tech State College who must be employed in or retired from the private or nonprofit sector or academia.

(13) One (1) person appointed by the president of Vincennes University who must be employed in or retired from the private or nonprofit sector or academia.

Sec. 3. Appointments to the corporation are for terms of four (4) years. Each member shall hold office for the term of appointment and shall continue to serve after expiration of the appointment until a successor is appointed and qualified. Members are eligible for reappointment.

Sec. 4. (a) The members shall elect a chairperson from among the members.

(b) The members of the corporation are entitled to a salary per diem for attending meetings equal to the per diem provided by law for members of the general assembly. The members of the corporation shall receive reimbursement for actual and necessary expenses on the same basis as state employees.

Sec. 5. A majority of members appointed to the commission constitutes a quorum for the transaction of business. The affirmative vote of at least a majority of the members appointed to the commission is necessary for any action to be taken by the corporation. Members may vote by written proxy delivered in advance to any other member who is present at the meeting.

Sec. 6. Meetings of the corporation shall be held at the call of the chairperson or whenever any three (3) members request a meeting. The members shall meet at least once every three (3) months to attend to the business of the corporation.

Sec. 7. (a) The corporation may, without the approval of the attorney general or any other state officer, employ bond counsel, other legal counsel, technical experts, and other officers, agents, and employees, permanent or temporary, the corporation considers necessary to carry out the efficient operation of the corporation.

(b) The corporation shall determine qualifications, duties, compensation, and terms of service for persons designated in subsection (a).

(c) Employees of the corporation are not employees of the state.

Sec. 8. The corporation is granted all powers necessary or appropriate to carry out and effectuate the corporation's public and corporate purposes under this chapter.

Sec. 9. The purpose of the corporation is to improve the quality of life for the citizens of Indiana by encouraging:

(1) the diversification of Indiana's economy;

(2) the creation of new jobs;

(3) the retention of existing jobs;

(4) the growth and modernization of existing industry; and

(5) the promotion of the state.

Sec. 10. The corporation shall be responsible for overseeing the operations of the Indiana small business development corporation under IC 4-3-12-1 and the Indiana economic development council under IC 4-3-14.

Sec. 11. The corporation may incur debt. Debt incurred by the corporation does not represent or constitute a debt of the state within the meaning of the Constitution of the State of Indiana or Indiana statutes.

SECTION 4. IC 4-3-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) The articles of incorporation or bylaws of the corporation, as appropriate, must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by:

(A) coordinating the activities of all parties having a role in the state's economic development through evaluating, overseeing, and appraising those activities on an ongoing basis;

(B) overseeing the implementation of the state's economic development plan and monitoring the updates of that plan; and

(C) educating and assisting all parties involved in improving the long range vitality of the state's economy;

(2) the board must include:

~~(A) the governor;~~

~~(B)~~ **(A) a designee of** the lieutenant governor;

~~(C) the chief operating officer of the corporation;~~

~~(D) the chief operating officer of the corporation for Indiana's international future;~~ and

~~(E)~~ **(B)** ~~additional~~ **eight (8)** persons appointed by the governor, **not more than four (4) of whom may be of the same political party,** who are actively engaged in Indiana in private enterprise, organized labor, state or local governmental agencies, and education, and who represent the diverse economic and regional interests throughout Indiana;

(3) the ~~governor shall serve as~~ **members shall elect a** chairman of the board of the corporation, and the ~~lieutenant governor shall serve as the~~ **members, with the approval of the economic development corporation, shall select an** ~~chief executive officer~~ **executive director** of the corporation;

(4) the ~~governor~~ **members** shall ~~appoint~~ **elect** as vice chairman of the board a member of the board engaged in private enterprise;

(5) the ~~lieutenant governor~~ **executive director of the corporation** shall be responsible ~~as chief executive officer~~ for overseeing implementation of the state's economic development plan as articulated by the corporation and shall oversee the activities of the ~~corporation's chief operating officer~~ **corporation;**

~~(6) the governor may appoint an executive committee composed of members of the board (size and structure of the executive committee shall be set by the articles and bylaws of the corporation);~~

~~(7)~~ **(6)** the corporation may receive funds from any source and may expend funds for any activities necessary, convenient, or expedient to carry out its purposes;

~~(8)~~ **(7)** any amendments to the articles of incorporation or bylaws of the corporation must be approved by the ~~governor~~ **board of the economic development corporation;**

~~(9)~~ **(8)** the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;

~~(10)~~ **(9)** the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and

~~(11)~~ **(10)** the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

(b) The corporation may perform other acts and things necessary, convenient, or expedient to carry out the purposes identified in this section, and it has all rights, powers, and privileges granted to corporations by IC 23-17 and by common law.

SECTION 5. IC 4-4-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. As used in this chapter:

"Department" shall mean the department of ~~commerce~~ **tourism and community development** provided for by this chapter.

"Director" shall mean the director of the department.

SECTION 6. IC 4-4-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. There is hereby created a state department to be known as the department of ~~commerce~~ **tourism and community development.** The lieutenant governor, by virtue of his office, shall serve as director of the department and commissioner of agriculture, and he shall receive no additional salary in these capacities.".

Page 2, line 13, delete "advisors" and insert "**advisers**".

Page 7, line 25, delete "At" and insert "**After June 1, 2003, at**".

Page 7, line 27, delete "countercyclical" and insert "**counter-cyclical**".

Page 7, delete lines 40 through 42.

Page 8, delete line 1.

Page 8, line 2, delete "(D)" and insert "**(C)**".

Page 8, line 8, delete "(E)" and insert "**(D)**".
Page 8, line 10, delete "(F)" and insert "**(E)**".
Page 8, line 12, delete "(G)" and insert "**(F)**".
Page 9, line 2, delete "the following amounts from the".
Page 9, delete line 3.
Page 9, line 4, delete "(1) Fifty percent (50%) of".
Page 9, run-in lines 2 through 5.
Page 9, delete lines 6 through 7.
Page 9, line 8, delete "An" and insert "**After December 31, 2003, an**".
Page 9, line 13, delete "as determined by".
Page 9, line 14, delete "by the budget agency under section 14 of this chapter if" and insert "**and**".
Page 9, line 28, after ";" insert "**and**".
Page 9, line 32, delete "as determined by the budget agency".
Page 9, line 33, delete "under section 14 of this chapter if " and insert "**and**".
Page 9, line 41, delete "Money" and insert "**After December 31, 2003, money**".
Page 9, line 41, delete "making".
Page 9, line 42, after "necessary" insert "**are made**".
Page 10, line 20, delete "An" and insert "**After December 31, 2003, an**".
Page 10, between lines 25 and 26, begin a new paragraph and insert:
"SECTION 7. IC 4-10-21 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 21. State Fiscal Year Spending Limit

Sec. 1. (a) This chapter does not apply to the extent that payments for pensions, including accrued unfunded liability, and final court judgments on which the state is obligated to pay exceed the spending limits imposed by this chapter.

(b) This chapter does not apply to the extent that money expended from a reserve fund exceeds the spending limits imposed by this chapter if the initial transfer of the money into the reserve fund was included in the fiscal year spending of a previous state fiscal year.

Sec. 2. As used in this chapter, "fiscal year spending" means all state governmental expenditures, revenue losses due to legislatively enacted tax relief, and reserve increases in a state fiscal year, except the following:

(1) Expenditures for any of the following:
(A) Education.
(B) Annual teachers' pension obligations.
(C) Medicaid.
(D) Property tax replacement.

(2) Expenditures from the following:
(A) Money received as gifts.
(B) Federal funds.
(C) Money collected for another government.
(D) Money received from damage awards.
(E) Money received from property sales.
(F) Money received from settlement awards.
(G) State dedicated funds.

Sec. 3. As used in this chapter, "growth in income" means, with respect to any fiscal year, the lesser of:

(1) the annual growth in Indiana nonfarm income for the three (3) calendar years immediately preceding a state fiscal year divided by three (3); or
(2) six percent (6%).

Sec. 4. As used in this chapter, "maximum annual percentage change in fiscal year spending" means the sum of the following:

(1) Growth in income with respect to the fiscal year in question, as calculated under section 3 of this chapter.
(2) The annual percentage rate of change in population.
(3) One percent (1%).

Sec. 5. As used in this chapter, "population" means:

(1) the number of residents of the state as estimated by the United States Bureau of the Census each year; or
(2) the number of residents of the state as counted by the United States Bureau of the Census in a decennial census; whichever is determined later.

Sec. 6. As used in this chapter, "state fiscal year" means the twelve (12) month period beginning July 1 in a calendar year.

Sec. 7. Before July 1, 2003, and each odd-numbered year thereafter, the department of state revenue shall:

(1) certify to the governor and the legislative council:
(A) the growth in income amount calculated under section 3 of this chapter; and
(B) the annual percentage rate of change in population; and
(2) release the information certified under subdivision (1) to the general public.

Sec. 8. (a) This subsection applies to a state fiscal year beginning July 1, 2003. The state may not increase fiscal year spending more than four percent (4%) above state fiscal spending for the state fiscal year ending June 30, 2003.

(b) This subsection applies to a state fiscal year beginning July 1, 2004. The state may not increase fiscal year spending more than four percent (4%) above state fiscal spending for the state fiscal year ending June 30, 2004.

(c) This subsection applies to a state fiscal year beginning July 1, 2005, and each odd-numbered year thereafter. The state may not increase fiscal year spending more than the maximum annual percentage change in fiscal year spending applicable to that state fiscal year.

(d) This subsection applies to a state fiscal year beginning July 1, 2006, and each even-numbered year thereafter. State fiscal year spending may not exceed the amount determined under the following STEPS:

STEP ONE: Determine the amount of state fiscal year spending permitted under subsection (c).
STEP TWO: Multiply the STEP ONE amount by the maximum annual percentage change in fiscal year spending applicable to the previous state fiscal year.
STEP THREE: Add the amount resulting from STEP TWO to the STEP ONE amount.

(e) If the general assembly considers it necessary to spend beyond the spending limit imposed by this chapter, the general assembly may do so by adopting a concurrent resolution approved by a majority of both houses of the general assembly. The resolution must state:

(1) that the general assembly desires to budget and spend more funds than permitted by this chapter; and
(2) the reasons necessitating the excess spending.

Upon passage of such a resolution, a cause of action may not be initiated under section 11 of this chapter if the excess spending results from passage of the resolution and the reasons for the excess spending stated in the resolution.

Sec. 9. If revenue from sources not excluded from fiscal year spending exceeds the spending limit imposed under this chapter for that state fiscal year after making the deposits required under IC 4-10-20, the excess must be deposited into the excess tax fund established under section 10 of this chapter to be used for property tax relief programs enacted by the general assembly.

Sec. 10. (a) The excess tax fund is established for the purpose of providing property tax relief under programs enacted by the general assembly. The fund shall be administered by the treasurer of state.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) The treasurer of state shall invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 11. This chapter may be enforced in a private individual or class action suit. Successful plaintiffs are allowed costs and reasonable attorney's fees. The state may recover costs and reasonable attorney's fees under this chapter only if a suit against it is ruled frivolous. Revenue collected illegally, kept

illegally, or spent illegally for the four (4) state fiscal years preceding the date that the suit is filed shall be deposited in the excess tax fund commencing for each state fiscal year on the date the state exceeds the spending limitation imposed for that state fiscal year under this chapter.".

Page 11, line 30, strike "Subject to subsection (b),".

Page 11, line 30, delete "money" and insert "Money".

Page 17, line 10, delete "IC 6-2.2-12-2 through IC 6-2.2-12-7)" and insert "**IC 6-2.2-13-2 through IC 6-2.2-13-7)**".

Page 24, line 37, delete "lay off." and insert "**layoff.**".

Page 25, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 21. IC 5-10.2-2-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 18. (a) As used in this section, "alternative investment" means capital invested in the privately held equity or debt assets of a domestic or international private business and includes investment in any of the following:**

(1) Unlisted or illiquid common and preferred stock.

(2) Venture capital.

(3) Corporate buyouts and acquisitions.

(4) Restructuring, recovery, and hedge funds.

(5) Limited and blind pool partnerships.

(6) Special situation and private finance investments.

(7) Limited liability companies.

(8) Group trusts.

(9) Unsecured, undersecured, subordinated senior, or convertible loans or debt securities of privately held companies.

(10) Real estate investment trusts, mortgages, "turn around" situations, commercial leases, and joint ventures.

(11) Commodity trading.

(b) If the board decides to allocate part of the fund assets to alternative investments, the board shall invest at least twenty percent (20%) of the amount allocated to alternative investments in alternative investments in Indiana, except as provided in subsection (c).

(c) The board is not required to make the entire twenty percent (20%) investment referred to in subsection (b) if the board exercising financial and fiduciary prudence determines that sufficient appropriate alternative investments are not available in Indiana.

(d) If the board does not invest the entire twenty percent (20%) required by subsection (b) because the board makes a determination described in subsection (c), the board may not invest the amount that the board was not able to invest in alternative investments in Indiana in alternative investments outside Indiana. The board may invest the amount that the board was not able to invest in alternative investments in Indiana in other investments that the board determines are financial and fiduciary prudent.

SECTION 22. IC 5-10.3-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**

(b) The board may invest up to five percent (5%) of the excess of its cash working balance in debentures of the corporation for innovation development subject to IC 30-4-3-3.

(c) The board is not subject to IC 4-13, IC 4-13.6, and IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for management of real property as an investment:

(1) may not exceed a four (4) year term and must be based upon guidelines established by the board;

(2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;

(3) must establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.".

Page 26, line 12, delete "." and insert ",".

Page 31, line 7, after "board" insert "~~of tax commissioners~~".

Page 34, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 32. IC 6-1.1-10-31.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 31.2. (a) For purposes of this section, "production inventory" for an assessment date means inventory that is:**

(1) not finished goods inventory; and

(2) held on the assessment date for use in the production of the types of finished goods with respect to which the owner or possessor claims exemption for the assessment date:

(A) under section 29(b), 29(c), or 29(d) of this chapter;

(B) under section 30(b), 30(c), or 30(e) of this chapter; or

(C) as property placed in the foreign trade zone exclusively for export to a foreign country under section 30.5(a)(2) of this chapter.

(b) Production inventory is exempt from property taxation for an assessment date in the amount determined by dividing:

(1) the assessed value of the taxpayer's finished goods inventory that qualifies for exemption from property taxation under the provisions referred to in subsection (a)(2) for the assessment date; by

(2) the total assessed value of the taxpayer's finished goods inventory for the assessment date;

and applying this ratio to the taxpayer's total production inventory for the assessment date. A taxpayer that uses the allocation method shall keep records that adequately establish the validity of the allocation.

(c) A taxpayer who possesses production inventory owned by another person may claim an exemption provided by this section if:

(1) the taxpayer includes the production inventory on the taxpayer's personal property tax return; and

(2) the taxpayer is able to show that the owner of the production inventory would otherwise have qualified for an exemption under this section.".

Page 37, line 3, delete "multi-family" and insert "**multifamily**".

Page 48, line 14, delete "15%" and insert "**20%**".

Page 49, line 34, after ";" insert "**and**".

Page 59, line 40, delete "my" and insert "**may**".

Page 66, line 16, delete "(as defined in".

Page 66, line 17, delete "IC 6-1.1-21-2)".

Page 78, line 30, delete "9." and insert "**10.**".

Page 78, line 32, delete "10." and insert "**11.**".

Page 78, line 34, delete "11." and insert "**12.**".

Page 93, delete lines 22 through 26, begin a new paragraph and insert:

"**(b) Transactions involving research and development equipment are exempt from the state gross retail tax.**

(c) If a taxpayer moves research and development equipment

for which the taxpayer claimed or received an exemption under this section to a location outside Indiana before the expiration of the research and development equipment's useful life, the taxpayer shall pay to the department, not later than thirty (30) days after the taxpayer moves the research and development equipment to the location outside Indiana, an amount equal to three (3) times the amount of the state gross retail tax that would otherwise be due under this article without the application of this section.".

Page 103, line 8, delete "The" and insert "**Except as provided in subsection (c),** the".

Page 103, line 13, delete "(59.192)" and insert "**(59.192%)**".

Page 103, line 15, reset in roman "(3)".

Page 103, line 15, delete "(2)".

Page 103, line 19, reset in roman "(4)".

Page 103, line 19, delete "(3)".

Page 103, line 22, reset in roman "(5)".

Page 103, line 22, delete "(4)".

Page 103, between lines 25 and 26, begin a new paragraph and insert:

"**(c) This subsection applies only to deposits of collections under subsection (a) after November 30, 2002, and before July 1, 2003. The department shall deposit collections under subsection (a) in the following manner:**

(1) Twelve and five-tenths percent (12.5%) of the collections shall be paid into the tax relief fund established by IC 4-10-20-9.

(2) Four and one hundred sixty-seven thousandths percent (4.167%) of the collections shall be paid into the tuition support stabilization fund established by IC 4-10-20-10.

(3) Thirty-three and three hundred thirty-three thousandths percent (33.333%) of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.

(4) Forty-nine and three-hundredths percent (49.03%) of the collections shall be paid into the state general fund.

(5) Six hundred thirty-three thousandths of one percent (0.633%) of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.

(6) Thirty-three thousandths of one percent (0.033%) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

(5) One hundred forty-two thousands of one percent (0.142%) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.".

Page 104, line 29, delete "years beginning after December 31,".

Page 104, delete lines 30 through 33.

Page 107, line 7, delete "years beginning after December".

Page 107, delete lines 8 through 11.

Page 109, line 25, delete ":".

Page 109, line 26, delete "(1)".

Page 109, line 26, delete "the first twenty".

Page 109, line 27, delete "thousand dollars ($20,000) of".

Page 109, line 27, delete ";".

Page 109, delete lines 28 through 32.

Page 109, run in lines 25 through 33.

Page 109, line 35, delete"The tax rate imposed by".

Page 109, delete lines 36 through 38.

Page 131, line 4, delete "liability" and insert "**liability.**".

Page 135, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 118. IC 6-3.1-13-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. (a) The economic development for a growing economy board is established. The board consists of the following seven (7) members:

(1) The director or, upon the director's designation, the executive director of the department of commerce.

(2) The director of the budget agency.

(3) The commissioner of the department of state revenue.

(4) Four (4) members appointed by the governor, not more than two (2) of whom may be members of the same political party.

(b) The director shall serve as chairperson of the board. Four (4) members of the board constitute a quorum to transact and vote on the business of the board.

(c) The department of commerce shall assist the board in carrying out the board's duties under this chapter **and IC 6-3.1-28.**

SECTION 119. IC 6-3.1-13-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15. After receipt of an application, the board may enter into an agreement with the applicant for a credit under this chapter if the board determines that all of the following conditions exist:

(1) The applicant's project will create new jobs that were not jobs previously performed by employees of the applicant in Indiana.

(2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.

(3) ~~There is at least one (1) other state that~~ **If** the applicant verifies **that at least one (1) other state** is being considered for the project, ~~(4)~~ a significant disparity is identified, using best available data, in the projected costs for the applicant's project compared to the costs in the competing state, including the impact of the competing state's incentive programs. The competing state's incentive programs shall include state, local, private, and federal funds available.

~~(5)~~ **(4)** The political subdivisions affected by the project have committed significant local incentives with respect to the project.

~~(6)~~ **(5)** Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not creating new jobs in Indiana.

~~(7)~~ **(6)** Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

~~(8)~~ **(7)** The credit is not prohibited by section 16 of this chapter.

SECTION 120. IC 6-3.1-13-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 17. In determining the credit amount that should be awarded, the board shall take into consideration the following factors:

(1) The economy of the county where the projected investment is to occur.

(2) The potential impact on the economy of Indiana.

(3) **If at least one (1) other state is being considered for the project,** the **estimated** magnitude of the cost differential between Indiana and the competing state.

(4) The incremental payroll attributable to the project.

(5) The capital investment attributable to the project.

(6) The amount the average wage paid by the applicant exceeds the average wage paid within the county in which the project will be located.

(7) The costs to Indiana and the affected political subdivisions with respect to the project.

(8) The financial assistance that is otherwise provided by Indiana and the affected political subdivisions.

SECTION 121. IC 6-3.1-13-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 26. (a) The economic development for a growing economy fund is established to be used exclusively for the purposes of this chapter **and IC 6-3.1-28,** including paying for the costs of administering this chapter **and IC 6-3.1-28.** The fund shall be administered by the department of commerce.

(b) The fund consists of collected fees, appropriations from the general assembly, and gifts and grants to the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(d) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes of this chapter. Expenditures from the fund are subject to appropriation by the general assembly and approval by the budget agency.".

Page 136, line 40, after "(the adjusted gross income tax)" insert "**;**".

Page 137, line 9, strike "(4)".

Page 137, line 10, strike "(5)".

Page 139, line 8, delete "(3) (3)" and insert "(3)".

Page 140, line 15, delete "FIVE" and insert "**EIGHT**".

Page 140, delete lines 17 through 42, begin a new line block indented and insert:

"**STEP ONE: Determine the net assessed value of the taxpayer's business personal property (excluding inventory) on which the taxpayer paid ad valorem property taxes first due and payable in the taxable year.**

STEP TWO: Determine the net assessed value of the taxpayer's inventory on which the taxpayer paid ad valorem property taxes first due and payable in the taxable year.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) thirty-seven thousand five hundred dollars ($37,500) minus the STEP ONE amount.

STEP FOUR: Determine the lesser of:

(A) the STEP THREE amount; or

(B) the STEP TWO amount.

STEP FIVE: Add the STEP FOUR amount and the lesser of:

(A) the STEP ONE amount; or

(B) thirty-seven thousand five hundred dollars ($37,500).

STEP SIX: Determine the greater of:

(A) zero (0); or

(B) fifty percent (50%) of the result of the STEP TWO amount minus the STEP FOUR amount.

STEP SEVEN: Add the STEP FIVE amount and the STEP SIX amount.

STEP EIGHT: Multiply the STEP SIX amount by the taxpayer's net ad valorem property tax rate for the taxable year.".

Page 146, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 138. IC 6-3.1-26 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 26. Certified Job Skills Training Program Employer Credit

Sec. 1. As used in this chapter, "certified job skills training program" means a job skills training program certified by the department of workforce development under IC 22-4.1-7.

Sec. 2. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 3. As used in this chapter, "qualified employer" means a person, corporation, or pass through entity that pays an average hourly wage that exceeds one hundred fifty percent (150%) of the federal minimum wage.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

(3) IC 6-3-8 (supplemental net income tax);

(4) IC 6-5-10 (bank tax);

(5) IC 6-5-11 (savings and loan association tax);

(6) IC 6-5.5 (financial institutions tax); and

(7) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "training program expenditures" means expenses incurred by a qualified employer for any of the following:

(1) Sponsoring or co-sponsoring a certified job skills training program that it provides to its employees, to the extent the expenses are incurred in providing the training to its employees and not to other program participants, and including any fees or revenue lost by providing the program to its employees at no cost or a reduced cost.

(2) Reimbursing an employee for participation in a certified job skills training program not sponsored or co-sponsored by the qualified employer.

Sec. 6. A qualified employer is entitled to a credit against the qualified employer's state tax liability for training program expenditures made by the qualified employer in a taxable year. The amount of the credit is equal to the qualified employer's training program expenditures in the taxable year multiplied by ten percent (10%).

Sec. 7. (a) If the amount determined under section 6 of this chapter for a qualified employer in a taxable year exceeds the qualified employer's state tax liability for that taxable year, the qualified employer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the qualified employer to obtain a credit under this chapter for any subsequent taxable year. A qualified employer is not entitled to a carryback.

(b) A qualified employer is not entitled to a refund of any unused credit.

Sec. 8. If a qualified employer is a pass through entity that does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 9. To receive the credit provided by this chapter, a qualified employer must claim the credit on the qualified employer's state tax return in the manner prescribed by the department. The qualified employer must submit to the department proof of payment of the training program expenditures, proof that the expenditures were for job skills training programs certified by the department of workforce development under IC 22-4.1-7, and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 139. IC 6-3.1-27 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 27. Certified Job Skills Training Program Individual Credit

Sec. 1. As used in this chapter, "certified job skills training program" means a job skills training program certified by the department of workforce development under IC 22-4.1-7.

Sec. 2. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax) as computed after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 3. As used in this chapter, "taxpayer" means any individual that has any state tax liability.

Sec. 4. As used in this chapter, "training program expenditures" means expenses incurred by the taxpayer for fees or tuition that are:

(1) paid by the taxpayer for participation in a certified job skills training program that relates to the taxpayer's career field or job classification, as determined by the department of workforce development under rules adopted under IC 22-4.1-7-4(a)(2); and

(2) not reimbursed or otherwise covered by the taxpayer's employer.

Sec. 5. A taxpayer is entitled to a credit against the taxpayer's state tax liability for training program expenditures made by the taxpayer in a taxable year. The amount of the credit is equal to the lesser of:

(1) the taxpayer's training program expenditures in the taxable year multiplied by twenty-five percent (25%); or

(2) two hundred fifty dollars ($250).

If a husband and wife file a joint income tax return and each spouse is eligible for the credit during a taxable year, the amount of the credit that may be claimed on the joint return is equal to the amount of the credit the husband is entitled to under this subsection plus the amount of the credit the wife is entitled to under this subsection.

Sec. 6. (a) If the amount determined under section 5 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

(b) A taxpayer is entitled to a refund of any unused credit.

Sec. 7. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return in the manner prescribed by the department. The taxpayer must submit to the department:

(1) proof of payment of the training program expenditures;

(2) proof that the expenditures were for job skills training programs:

(A) certified by the department of workforce development under IC 22-4.1-7; and

(B) related to the taxpayer's career field or job classification, as determined by the department of workforce development under rules adopted under IC 22-4.1-7; and

(3) all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 140. IC 6-3.1-28 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 28. Hoosier Homefield Advantage Investment Tax Credit

Sec. 1. As used in this chapter, "board" has the meaning set forth in IC 6-3.1-13-1.

Sec. 2. As used in this chapter, "director" has the meaning set forth in IC 6-3.1-13-3.

Sec. 3. As used in this chapter, "full-time employee" has the meaning set forth in IC 6-3.1-13-4.

Sec. 4. As used in this chapter, "new employee" has the meaning set forth in IC 6-3.1-13-6.

Sec. 5. As used in this chapter, "pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) trust;

(4) limited liability company; or

(5) limited liability partnership.

Sec. 6. (a) As used in this chapter, "qualified investment" means the amount of the taxpayer's expenditures for:

(1) the purchase of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing equipment;

(2) the purchase of new computers and related equipment;

(3) costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;

(4) onsite infrastructure improvements;

(5) the construction of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;

(6) costs associated with retooling existing machinery and equipment; and

(7) costs associated with the construction of special purpose buildings and foundations for use in the computer, software, biological sciences, or telecommunications industry;

that are certified by the board under this chapter as being eligible for the credit under this chapter.

(b) The term does not include property that can be readily moved outside Indiana.

Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(3) IC 6-3-8 (the supplemental net income tax);

(4) IC 6-5-10 (the bank tax);

(5) IC 6-5-11 (the savings and loan association tax);

(6) IC 27-1-18-2 (the insurance premiums tax); and

(7) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 8. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or other entity that has state tax liability.

Sec. 9. The board may make credit awards under this chapter to foster job creation and higher wages in Indiana.

Sec. 10. A taxpayer that:

(1) is awarded a tax credit under this chapter by the board; and

(2) complies with the conditions set forth in this chapter and the agreement entered into by the board and the taxpayer under this chapter;

is entitled to a credit against the taxpayer's state tax liability in a taxable year.

Sec. 11. The amount of the tax credit is equal to the lesser of the following:

(1) Three percent (3%) of the amount of the qualified investment made by the taxpayer in Indiana.

(2) The difference between the taxpayer's state tax liability in the taxable year and the taxpayer's state tax liability in the taxable year immediately preceding the taxable year in which the taxpayer made the qualified investment.

Sec. 12. The taxpayer is entitled to claim the tax credit in each of ten (10) consecutive taxable years beginning with the taxable year in which the taxpayer makes the qualified investment. If the amount of a credit for a particular taxpayer in a particular taxable year exceeds the taxpayer's state tax liability for the taxable year, the taxpayer may carry forward the unused part of the tax credit to subsequent taxable years.

Sec. 13. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

An unused tax credit granted under this chapter is not refundable and may not be carried forward.

Sec. 14. A person that proposes a project to create new jobs or increase wage levels in Indiana may apply to the board before the taxpayer makes the qualified investment to enter into an agreement for a tax credit under this chapter. The director shall prescribe the form of the application.

Sec. 15. After receipt of an application, the board may enter into an agreement with the applicant for a credit under this chapter if the board determines that all of the following conditions exist:

(1) The applicant has conducted business in Indiana for at least one (1) year immediately preceding the date that the application is received.

(2) The applicant's project will raise the total earnings of

employees of the applicant in Indiana.

(3) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.

(4) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of employees in Indiana.

(5) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

(6) The credit is not prohibited by section 16 of this chapter.

(7) The average wage that will be paid by the taxpayer at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

Sec. 16. A person is not entitled to claim the credit provided by this chapter for any jobs that the person relocates from one (1) site in Indiana to another site in Indiana. Determinations under this section shall be made by the board.

Sec. 17. The board shall certify the amount of the qualified investment that is eligible for a credit under this chapter. In determining the credit amount that should be awarded, the board shall grant a credit only for the amount of the qualified investment that is directly related to expanding the workforce in Indiana.

Sec. 18. The board shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all of the following:

(1) A detailed description of the project that is the subject of the agreement.

(2) The first taxable year for which the credit may be claimed.

(3) The amount of the taxpayer's state tax liability for each tax in the taxable year of the taxpayer that immediately preceded the first taxable year in which the credit may be claimed.

(4) The maximum tax credit amount that will be allowed for each taxable year.

(5) A requirement that the taxpayer shall maintain operations at the project location for at least ten (10) years during the term that the tax credit is available.

(6) A specific method for determining the number of new employees employed during a taxable year who are performing jobs not previously performed by an employee.

(7) A requirement that the taxpayer shall annually report to the board the number of new employees who are performing jobs not previously performed by an employee, the average wage of the new employees, and the average wage of all employees at the location where the qualified investment is made, and any other information the director needs to perform the director's duties under this chapter.

(8) A requirement that the director is authorized to verify with the appropriate state agencies the amounts reported under subdivision (7), and after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.

(9) A requirement that the taxpayer shall pay an average wage to all of its employees (excluding officers, partners, and shareholders) in each taxable year that a tax credit is available that equals at least one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

(10) A requirement that the taxpayer will keep the qualified investment property that is the basis for the tax credit in Indiana for at least the lesser of its useful life for federal income tax purposes or ten (10) years.

(11) A requirement that the taxpayer will maintain at the location where the qualified investment is made during the term of the tax credit a total payroll that is at least equal to the payroll level that existed before the qualified investment was made.

(12) A requirement that the taxpayer shall provide written notification to the director and the board not more than thirty (30) days after the taxpayer makes or receives a proposal that would transfer the taxpayer's state tax liability obligations to a successor taxpayer.

(13) Any other performance conditions that the board determines are appropriate.

Sec. 19. A taxpayer claiming a credit under this chapter shall submit to the department of state revenue a copy of the director's certificate of verification under this chapter for the taxable year. However, failure to submit a copy of the certificate does not invalidate a claim for a credit.

Sec. 20. If the director determines that a taxpayer who has received a credit under this chapter is not complying with the requirements of the tax credit agreement or all of the provisions of this chapter, the director shall, after giving the taxpayer an opportunity to explain the noncompliance, notify the department of commerce and the department of state revenue of the noncompliance and request an assessment. The department of state revenue, with the assistance of the director, shall state the amount of the assessment, which may not exceed the sum of any previously allowed credits under this chapter. After receiving the notice, the department of state revenue shall make an assessment against the taxpayer under IC 6-8.1.

Sec. 21. On or before March 31 each year, the director shall submit a report to the board on the tax credit program under this chapter. The report must include information on the number of agreements that were entered into under this chapter during the preceding calendar year, a description of the project that is the subject of each agreement, an update on the status of projects under agreements entered into before the preceding calendar year, and the sum of the credits awarded under this chapter. A copy of the report shall be delivered to the executive director of the legislative services agency for distribution to the members of the general assembly.

Sec. 22. On a biennial basis, the board shall provide for an evaluation of the tax credit program, giving first priority to using the Indiana economic development council, established under IC 4-3-14-4. The evaluation shall include an assessment of the effectiveness of the program in creating new jobs and increasing wages in Indiana and of the revenue impact of the program and may include a review of the practices and experiences of other states with similar programs. The director shall submit a report on the evaluation to the governor, the president pro tempore of the senate, and the speaker of the house of representatives after June 30 and before November 1 in each odd-numbered year.".

Page 149, line 23, delete "statewide" and insert "~~state~~".

Page 165, line 25, delete "(I)".

Page 165, line 27, after "fund," insert "~~divided by the total amounts appropriated by all the taxing units in the county in the year.~~".

Page 165, delete lines 28 through 31, begin a new line triple block indented and insert:

"~~(ii) Divide the amount determined in item (I) by three (3).~~ **sum of the welfare revenue, human service fund revenue, and education revenue for a county, as determined under IC 6-1.1-44.**".

Page 167, line 6, delete "(d)" and run in lines 5 and 6.

Page 167, line 12, after "unit." begin a new paragraph and insert: "**(d)**".

Page 167, line 40, strike "(d)" and insert "**(e)**".

Page 168, line 6, strike (e)" and insert "**(f)**".

Page 171, line 7, delete "However, for purposes of determining distributions under this".

Page 171, delete lines 8 through 13 and insert "**However, for purposes of determining distributions under this section for 2003 and each year thereafter, a total levy miscellaneous tax allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county**

auditor shall remit the total levy miscellaneous tax allocation to the treasurer of state for deposit in a special account within the state general fund.".

Page 175, line 42, delete "(IC 6-5-11); and insert "~~(IC 6-5-11);~~".

Page 178, between lines 25 and 26, begin a new paragraph and insert:

"SECTION 167. IC 6-1.1-10.1 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 10.1. High Impact Business Designation

Sec. 1. (a) This chapter applies only to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000).

(b) A county described in subsection (a) is presented with unique challenges due to:

(1) the presence of multiple business facilities of the high impact business within the corporate boundaries of the largest city in the county and in unincorporated areas of the county;

(2) the proportion of property taxes paid by the high impact business to all property taxes paid in the county;

(3) continued economic pressures on the high impact business to reduce its property taxes by relocating to another location outside Indiana;

(4) the desire of local elected officials to encourage the high impact business to retain manufacturing operations within the county; and

(5) the limited availability of other incentives to encourage the high impact business to retain manufacturing operations within the county.

Sec. 2. As used in this chapter, "designating body" means the commission established under section 6 of this chapter.

Sec. 3. As used in this chapter, "designation application" means an application that is filed with a designating body to assist the body in making a determination about whether a particular business should be designated as a high impact business.

Sec. 4. As used in this chapter, "high impact business" means a manufacturing business that has business locations:

(1) within the corporate boundaries of the largest city in the county; and

(2) in unincorporated areas in the county;

and that is designated a high impact business under section 7 of this chapter.

Sec. 5. As used in this chapter "inventory" has the meaning set forth in IC 6-1.1-3-11.

Sec. 6. (a) There is established a high impact business commission in the county for the purpose of considering and acting upon applications for designation as a high impact business.

(b) The commission consists of the membership of the fiscal bodies of the county and the largest city in the county.

(c) Members of the commission shall serve without compensation.

(d) The jurisdiction of the commission consists of the unincorporated areas of the county and the largest city in the county.

Sec. 7. (a) A designating body may find that a business within its jurisdiction is a high impact business.

(b) The property tax exemption provided by section 10 of this chapter is available only to a business that the designating body finds to be a high impact business.

(c) A designating body may impose a fee for filing a designation application for a person requesting the designation of a particular business as a high impact business. The fee may be sufficient to defray actual processing and administrative costs.

(d) If the proposed high impact business is also located in an allocation area (as defined in IC 36-7-14-39 or IC 36-7-15.1-26), an application for the property tax exemption provided by this chapter may not be approved unless the commission that designated the allocation area adopts a resolution approving the application.

(e) The designating body may designate only one (1) business as a high impact business under this chapter.

Sec. 8. (a) If a designating body finds that a business in its jurisdiction is a high impact business, it shall prepare a map and plat that identifies the business locations of the high impact business.

(b) After the preparation of the map described in subsection (a), the designating body shall pass a resolution declaring that a particular business is a high impact business. The resolution must contain the addresses of the business locations of the high impact business and must be filed with the county assessor.

(c) After passage of a resolution under subsection (b), the designating body shall do the following:

(1) Publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1.

(2) File the following information with each taxing unit that has authority to levy property taxes in the geographic area where the high impact business is located:

(A) A copy of the notice required by subdivision (1).

(B) A statement containing substantially the same information as a statement of benefits filed with the designating body under section 9 of this chapter before the hearing required by this section.

(3) Hold a public hearing on the issue of the designation of a particular business as a high impact business.

(d) The notice required under subsection (c) must state that a description of the designated high impact business is available and can be inspected in the county assessor's office. The notice must also name a date when the designating body will receive and hear all remonstrances and objections from interested persons at the public hearing required by subsection (c)(3). The designating body shall file the information required by subsection (c)(2) with the officers of the taxing unit who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date of the public hearing.

(e) After considering the evidence, the designating body shall take final action determining whether the qualifications for the designation of a high impact business have been met and confirming, modifying and confirming, or rescinding the resolution. This determination is final.

Sec. 9. (a) An applicant must provide a completed statement of benefits form to the designating body before the hearing required by section 8(c)(3) of this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the proposed investment.

(2) An estimate of the number of individuals who will be employed or whose employment will be retained by the applicant as a result of the investment and an estimate of the annual salaries of these individuals.

(3) An estimate of the value of the investment.

(4) A certification by the applicant to the commission that, subject to obtaining designation as a high impact business, the applicant intends to:

(A) make a minimum investment of fifty million dollars ($50,000,000) in new product development and manufacturing capacity for products to be manufactured in the applicant's facilities located within the commission's jurisdiction; and

(B) retain an aggregate employment level of at least one thousand two hundred (1, 200) full-time jobs in the applicant's facilities located within the commission's jurisdiction for at least twenty (20) years after the date of the designation of the applicant's business as a high impact business.

With the approval of the designating body, the statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under

IC 5-14-3-3.

(b) The designating body must review the statement of benefits required under subsection (a). The designating body shall determine whether a business should be designated as a high impact business and whether a property tax exemption should be allowed under this chapter after making the following findings at a public hearing:

(1) Whether the estimate of the value of the investment is reasonable for projects of that nature.

(2) Whether:

(A) the employment of the estimated number of individuals; or

(B) the retention of the estimated number of employees;

can reasonably be expected to result from the proposed investment.

(3) Whether the annual salaries estimated for the individuals and employees referred to in subdivision (2) can reasonably be expected to result from the proposed investment.

(4) Whether any other benefits about which information was requested can reasonably be expected to result from the proposed investment.

(5) Whether the totality of benefits is sufficient to justify the property tax exemption.

A designating body may not designate a high impact business or approve a property tax exemption unless the findings required by this subsection are made in the affirmative.

Sec. 10. The inventory located in the county of a high impact business is exempt from property taxation for ten (10) years following the designating body's adoption of a resolution taking final action under section 8 of this chapter. A certified copy of the resolution shall be sent to the county auditor, who shall grant the exemption as provided in section 11 of this chapter.

Sec. 11. (a) A high impact business that desires to obtain the property tax exemption provided by section 10 of this chapter must file a certified exemption application, on forms prescribed by the department of local government finance, with the auditor of the county in which the inventory is located. The exemption application must be filed on or before May 15 each year. If the high impact business obtains a filing extension under IC 6-1.1-3-7(b) for any year, the application for the year must be filed by the extended due date for that year.

(b) The property tax exemption application required by this section must contain the following information:

(1) The name of the high impact business owning the inventory.

(2) A description of the inventory for which a property tax exemption is claimed in sufficient detail to afford identification.

(3) The assessed value of the inventory subject to the property tax exemption.

(4) Any other information considered necessary by the department of local government finance.

(c) On verification of the correctness of a property tax exemption application by the assessors of the townships in which the inventory is located, the county auditor shall grant the property tax exemption.

(d) The property tax exemption and the period of the exemption provided for inventory under section 10 of this chapter are not affected by a change in the ownership of the high impact business if the new owner of the high impact business owning the inventory:

(1) continues the business operation of the high impact business within the commission's jurisdiction and maintains employment levels within the commission's jurisdiction consistent with the certification and pledge required under section 9(a) of this chapter; and

(2) files an application in the manner provided by subsections (a) and (b).

Sec. 12. (a) At any time within twenty (20) years after the date that a business has been designated as a high impact business under section 8 of this chapter, the designating body may determine whether the high impact business owner has substantially complied with the statement of benefits approved under section 9 of this chapter. If the designating body determines that the high impact business owner has not substantially complied with the statement of benefits and that the failure to substantially comply was not caused by factors beyond the control of the high impact business owner (such as declines in demand for the property owner's products or services), the designating body shall mail a written notice to the high impact business owner. The written notice must include the following provisions:

(1) An explanation of the reasons for the designating body's determination.

(2) The date, time, and place of a hearing to be conducted by the designating body for the purpose of further considering the high impact business owner's compliance with the statement of benefits. The date of the hearing may not be more than fifteen (15) days after the date on which the notice is mailed.

(b) On the date specified in the notice described in subsection (a)(2), the designating body shall conduct a hearing to further consider the high impact business owner's compliance with the statement of benefits. Based on the information presented at the hearing by the high impact business owner and other interested parties, the designating body shall again determine whether the high impact business owner has made reasonable efforts to substantially comply with the statement of benefits and whether any failure to substantially comply was caused by factors beyond the control of the high impact business owner. If the designating body determines that the high impact business owner has not made reasonable efforts to comply with the statement of benefits, the designating body shall adopt a resolution either:

(1) terminating the high impact business owner's property tax exemption under section 10 of this chapter; or

(2) imposing a penalty under section 13 of this chapter if the failure to comply with the statement of benefits occurs after the ten (10) year exemption provided under section 10 of this chapter expires.

(c) If the designating body adopts a resolution terminating the high impact business owner's property tax exemption under this chapter:

(1) the exemption does not apply to the next installment of property taxes owed by the high impact business owner or to any subsequent installment of property taxes;

(2) the high impact business owner shall pay the amount determined under section 14(e) of this section to the county treasurer; and

(3) the county treasurer shall distribute the money paid under this section in accordance with section 14(f) of this chapter.

(d) If the designating body adopts a resolution terminating a property tax exemption under subsection (b), the designating body shall immediately mail a certified copy of the resolution to:

(1) the high impact business owner; and

(2) the county auditor.

The county auditor shall remove the property tax exemption from the tax duplicate and shall notify the county treasurer of the termination of the exemption. If the designating body's resolution is adopted after the county treasurer has mailed the statement required by IC 6-1.1-22-8, the county treasurer shall immediately mail the high impact business owner a revised statement that reflects the termination of the property tax exemption.

(e) A high impact business owner whose property tax exemption under section 10 of this chapter is terminated by the designating body under this section may appeal the designating body's decision by filing a complaint in the office of the clerk of the circuit or superior court, together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the high impact business owner. An appeal under this subsection shall be promptly heard by the court without a jury and determined within thirty (30) days after the time of the filing of

the appeal. The court shall hear evidence on the appeal and may confirm the action of the designating body or sustain the appeal. The judgment of the court is final unless an appeal is taken as in other civil actions.

(f) If an appeal under subsection (e) is pending, the taxes resulting from the termination of the property tax exemption under this chapter and the payment required by this section are not due until after the appeal is finally adjudicated and the termination of the exemption is finally determined.

Sec. 13. (a) If the fiscal body adopts a resolution under section 12 of this chapter imposing a penalty, the amount of the penalty is the amount determined under the following formula:

STEP ONE: Determine the total amount of the high impact business owner's property taxes that were exempted under this chapter.

STEP TWO: Divide the STEP ONE result by ten (10).

STEP THREE: Determine the number of years that have elapsed since January 1 of the year in which the high impact business owner's property tax exemption under section 10 of this chapter commenced.

STEP FOUR: Subtract the STEP THREE result from twenty (20).

STEP FIVE: Multiply the STEP FOUR result by the STEP TWO result.

(b) The high impact business owner shall pay the amount determined under subsection (a) to the county treasurer. The county treasurer shall distribute money paid under this section on a pro rata basis to the general fund of each taxing unit that contains the inventory that was subject to the property tax exemption. The amount to be distributed to the general fund of each taxing unit shall be determined by the county auditor according to the following formula:

STEP ONE: For each year that the property tax exemption was in effect, determine the additional amount of property taxes that would have been paid by the high impact business owner to the taxing unit if the property tax exemption had not been in effect.

STEP TWO: Determine the sum of the STEP ONE amounts.

STEP THREE: Divide the STEP TWO sum by the sum determined under STEP TWO of section 14(e) of this chapter.

STEP FOUR: Multiply the amount paid by the high impact business owner under section 14(e) of this chapter by the STEP THREE quotient.

Sec. 14. (a) A high impact business owner that has received a property tax exemption under section 10 of this chapter is subject to this section if the designating body adopts a resolution incorporating this section for the high impact business owner.

(b) If:

(1) the high impact business owner ceases operations before January 1, 2024, at a facility for which the property tax exemption was granted under this chapter; and

(2) the designating body finds that the high impact business owner obtained a property tax exemption under this chapter by intentionally providing false information concerning the high impact business owner's plans to continue operations at the facilities located within the commission's jurisdiction;

the high impact business owner shall pay the amount determined under subsection (e) to the county treasurer.

(c) A high impact business owner may appeal the designating body's decision under subsection (b) by filing a complaint in the office of the clerk of the circuit or superior court, together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the high impact business owner. An appeal under this subsection shall be promptly heard by the court without a jury and determined not more than thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the appeal and may confirm the action of the designating body or sustain the appeal. The judgment of the court is a final determination that may be appealed in the same manner as other civil actions.

(d) If an appeal under subsection (c) is pending, the payment required by this section is not due until after the appeal is finally adjudicated and the high impact business owner's liability for the payment is finally determined.

(e) The county auditor shall determine the amount to be paid by the high impact business owner according to the following formula:

STEP ONE: For each year that the property tax exemption provided under section 10 of this chapter was in effect, determine the additional amount of property taxes that would have been paid by the high impact business owner if the exemption had not been in effect.

STEP TWO: Determine the sum of the STEP ONE amounts.

STEP THREE: Multiply the sum determined under STEP TWO by one and one-tenth (1.1).

(f) The county treasurer shall distribute money paid under this section on a pro rata basis to the general fund of each taxing unit that contained the inventory that was subject to the property tax exemption provided under section 10 of this chapter. The amount to be distributed to the general fund of each taxing unit shall be determined by the county auditor according to the following formula:

STEP ONE: For each year that the property tax exemption provided under section 10 of this chapter was in effect, determine the additional amount of property taxes that would have been paid by the high impact business owner to the taxing unit if the exemption had not been in effect.

STEP TWO: Determine the sum of the STEP ONE amounts.

STEP THREE: Divide the STEP TWO sum by the sum determined under STEP TWO of subsection (e).

STEP FOUR: Multiply the amount paid by the high impact business owner under subsection (e) by the STEP THREE quotient.".

Page 185, line 28, delete "(as defined in IC 6-1.1-21-2)".

Page 189, between lines 16 and 17, begin a new paragraph and insert:

"SECTION 176. IC 10-1-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) Authority is granted to the department to establish and operate an actuarially sound pension plan governed by a pension trust and to make the necessary annual contribution in order to prevent any deterioration in the actuarial status of the trust fund.

(b) Contributions shall be made to the trust fund by the department and by each employee beneficiary through authorized monthly deductions from wages.

(c) The trust fund may not be commingled with any other funds and shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The trustee shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.** The investment of trust funds is subject to section 2.5 of this chapter.

(d) The trustee shall receive and hold as trustee for the uses and purposes set forth in the pension trust any and all funds paid by the department, the employee beneficiaries, or by any other person or persons.

(e) The trustee shall engage pension consultants to supervise and assist in the technical operation of the pension plan in order that there may be no deterioration in the actuarial status of the plan.

(f) Before October 1 of each year, the trustee, with the aid of the

pension consultants, shall prepare and file a report with the department and the state board of accounts. The report must include the following with respect to the fiscal year ending on the preceding June 30:

SCHEDULE I. Receipts and disbursements.

SCHEDULE II. Assets of the pension trust, listing investments as to book value and current market value at the end of the fiscal year.

SCHEDULE III. List of terminations, showing cause and amount of refund.

SCHEDULE IV. The application of actuarially computed "reserve factors" to the payroll data, properly classified for the purpose of computing the reserve liability of the trust fund as of the end of the fiscal year.

SCHEDULE V. The application of actuarially computed "current liability factors" to the payroll data, properly classified for the purpose of computing the liability of the trust fund for the end of the fiscal year.

SCHEDULE VI. An actuarial computation of the pension liability for all employees retired before the close of the fiscal year.

(g) The minimum annual contribution by the department must be of sufficient amount, as determined by the pension consultants, to prevent any deterioration in the actuarial status of the pension plan during that year. If the department fails to make the minimum contribution for five (5) successive years, the pension trust terminates and the trust fund shall be liquidated.

(h) In the event of liquidation, all expenses of the pension trust shall be paid, adequate provision shall be made for continuing pension payments to retired persons, and each employee beneficiary shall receive the net amount paid into the trust fund from wages. Any remaining sum shall be equitably divided among employee beneficiaries in proportion to the net amount paid from their wages into the trust fund.

SECTION 177. IC 10-1-2-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. The mortality reserve account referred to in section 3 of this chapter, the disability reserve account referred to in section 4 of this chapter, and the dependent pension reserve account referred to in section 5 of this chapter may be commingled and operated as one (1) fund, known as the police benefit fund, under the terms of a supplementary trust agreement between the department and the trustee for the exclusive benefit of employee beneficiaries and their dependents. The trustee shall receive and hold as trustee for the uses and purposes set out in the supplementary trust agreement all funds paid to it as such trustee by the department or by any other person or persons. The trustee shall hold, invest, and reinvest the police benefit fund in such investments as it is permitted under the laws of Indiana to invest trust funds and such other investments as may be specifically designated in the supplementary trust agreement. **If the trustee decides to allocate part of the assets of the police benefit fund to alternative investments (as defined in IC 5-10.2-2-18), the trustee shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.** The trustee, with the assistance of the pension engineers, shall, within ninety (90) days after the close of the fiscal year, prepare and file with the department and the Indiana insurance department a detailed annual report showing receipts, disbursements, and case histories and making recommendations as to the necessary contributions required to keep the program in operation. Contributions by the department to the police benefit fund shall be provided in the general appropriations to the department.".

Page 208, line 24, delete "(3) (3)" and insert "(3)".

Page 209, line 8, delete ", except chiropractic services,".

Page 212, line 9, strike "(a)".

Page 213, delete lines 18 through 28, begin a new paragraph and insert:

"**(a) For taxes first due and payable in 2004, each county shall impose a county family and children property tax levy equal to the product of:**

(1) fifty percent (50%) of the county family and children property tax levy imposed for taxes first due and payable in the preceding year; multiplied by

(2) the greater of:

(A) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; or

(B) one (1).".

Page 217, line 9, delete "sections" and insert "~~section~~ **sections**".

Page 219, line 41, delete "four four" and insert "four".

Page 221, line 5, delete "six" and insert "**eight**".

Page 223, line 17, before "Daily" insert "Projected".

Page 223, line 17, delete "Actual".

Page 226, line 21, reset in roman ")".

Page 227, line 21, delete ")" and insert "**)**".

Page 228, line 40, delete "`".

Page 238, line 35, delete "(IC 6-5-10," and insert "~~(IC 6-5-10,~~".

Page 247, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 278. IC 21-6.1-3-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**

(b) The board may:

(1) make or have made investigations concerning investments; and

(2) contract for and employ investment counsel to advise and assist in the purchase and sale of securities. ~~subject to IC 5-10.2-2-15.~~

(c) The board is not subject to IC 4-13, IC 4-13.6, or IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for the management of real property as an investment:

(1) may not exceed a four (4) year term and must be based upon guidelines established by the board;

(2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;

(3) shall establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.

SECTION 279. IC 22-4.1-7 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 7. Job Skills Training Program Certification

Sec. 1. As used in the chapter, "job skills training program" means a course or program designed to:

(1) develop, enhance, or upgrade basic workforce skills of an employee, including:

(A) literacy;

(B) communication skills;

(C) computational skills; or

(D) other transferable workforce skills; or

(2) develop, enhance, or upgrade advanced, specialized, or industry specific skills of an employee that are directly related to the employee's job or career.

Sec. 2. As used in this chapter, "person" means any individual, corporation, limited liability company, partnership, firm, association, public or private agency, educational institution, or other organization.

Sec. 3. As used in this chapter, "sponsor" means a person operating a job skills training program and in whose name the program is registered or approved.

Sec. 4. (a) The department shall adopt rules under IC 4-22-2 to establish standards for:

(1) certifying job skills training programs in Indiana; and

(2) certifying that a job skills training program is related to particular career fields or job classifications, for purposes of allowing employees to claim a credit against state tax liability under IC 6-3.1-25.

(b) The rules adopted by the department under subsection (a) must require as a condition for certification under this chapter that a job skills training program be conducted under an organized, written plan that describes the following:

(1) The nature of the training, instruction, or other curricula to be provided to program participants.

(2) The career fields or job classifications to which the training relates, to allow the department to make the certification required under subsection (a)(2).

(3) The duration of the training.

(4) Any certification, license, or degree that a participant may earn through completion of the program and the specific requirements for the certification, license, or degree.

(5) Any fees or tuition to be charged for the program.

(6) The sponsor's experience in conducting the program or other job skills training programs.

(c) The rules adopted by the commission under subsection (a) may include:

(1) a requirement that the sponsor of a job training program be certified by, accredited by, or otherwise in good standing with an appropriate accrediting body;

(2) minimum requirements, including the payment of any certification fees, for initial certification under this chapter after June 30, 2002;

(3) requirements for renewing a certification first issued under this chapter after June 30, 2002, including the payment of any renewal fees; or

(4) any other requirement that the department considers appropriate.

Sec. 5. The sponsor of a job skills training program who seeks certification under this chapter shall apply to the department for certification on forms prescribed by the department.".

Page 262, line 20, delete "(as defined in".

Page 262, line 21, delete "IC 6-1.1-21-2)".

Page 267, line 19, delete "(as defined in IC 6-1.1-21-2)".

Page 283, delete lines 36 through 41, begin a new line double block indented and insert:

"STEP TWO: Divide:

(i) that part of ~~the~~ ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(ii) the STEP ONE sum.".

Page 299, delete lines 28 through 31, begin a new paragraph and insert:

"**(c) Not more than an aggregate total of five million dollars ($5,000,000) may be deposited in a particular incremental tax financing fund for a certified technology park over the life of the certified technology park.**".

Page 301, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 294. IC 36-8-6-6, AS AMENDED BY P.L.35-1999, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) The local board shall determine how much of the 1925 fund may be safely invested and how much should be retained for the needs of the fund. The investment shall be made:

(1) in interest bearing bonds of the United States, the state, or an Indiana municipal corporation. The bonds shall be deposited with and must remain in the custody of the treasurer of the board, who shall collect the interest due as it becomes due; or

(2) under IC 5-13-9.

(b) Investments under this section are subject to section 1.5 of this chapter.

(c) If the local board decides to allocate part of the assets of the 1925 fund to alternative investments (as defined in IC 5-10.2-2-18), the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 295. IC 36-8-7-10, AS AMENDED BY P.L.35-1999, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) The local board shall determine how much of the 1937 fund may be safely invested and how much should be retained for the needs of the fund. Investments are restricted to the following:

(1) Interest bearing direct obligations of the United States or of the state or bonds lawfully issued by an Indiana political subdivision. The securities shall be deposited with and must remain in the custody of the treasurer of the local board, who shall collect the interest on them as it becomes due and payable.

(2) Savings deposits or certificates of deposit of a chartered national, state, or mutual bank whose deposits are insured by a federal agency. However, deposits may not be made in excess of the amount of insurance protection afforded a member or investor of the bank.

(3) Shares of a federal savings association organized under 12 U.S.C. 1461, as amended, and having its principal office in Indiana, or of a savings association organized and operating under Indiana statutes whose accounts are insured by a federal agency. However, shares may not be purchased in excess of the amount of insurance protection afforded a member or investor of the association.

(4) An investment made under IC 5-13-9.

(b) All securities must be kept on deposit with the unit's fiscal officer, or county treasurer acting under IC 36-4-10-6, who shall collect all interest due and credit it to the 1937 fund.

(c) The fiscal officer (or county treasurer) shall keep a separate account of the 1937 fund and shall fully and accurately set forth a statement of all money received and paid out by ~~him.~~ **the officer.** The officer shall, on the first Monday of January and June of each year, make a report to the local board of all money received and distributed by ~~him.~~ **the officer.** The president of the local board shall execute the officer's bond in the sum that the local board considers adequate, conditioned that ~~he~~ **the officer** will faithfully discharge the duties of ~~his~~ **the officer's** office and faithfully account for and pay over to the persons authorized to receive it all money that comes into ~~his~~ **the officer's** hands by virtue of ~~his~~ **the officer's** office. The bond and sureties must be approved by the local board and filed with the executive of the unit. The local board shall make a full and accurate report of the condition of the 1937 fund to the unit's fiscal officer on the first Monday of February in each year.

(d) All securities that were owned by and held in the name of the local board on January 1, 1938, shall be held and kept for the local board by the unit's fiscal officer (or county treasurer) until they mature and are retired. However, if an issue of the securities is refunded, the local board shall accept refunding securities in exchange for and in an amount equal to the securities refunded. All money received by the local board for the surrender of matured and retired securities shall be paid into and constitutes a part of the 1937 fund of the unit, as provided in section 8 of this chapter.

(e) Investments under this section are subject to section 2.5 of this chapter.

(f) If the local board decides to allocate part of the assets of the 1937 fund to alternative investments (as defined in IC 5-10.2-2-18), the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 296. IC 36-8-7.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. (a) The local board shall determine how much of the 1953 fund may be safely invested and how much should be retained for the needs of the fund. The investment shall be made in interest bearing direct obligations of the United States, obligations or issues guaranteed by the United States, bonds of the state of Indiana or any political subdivision, or street, sewer, or other improvement bonds of the state of Indiana or any political subdivision. However, the local board may not invest in obligations issued by the consolidated city, the county, or any political subdivision in the county. Any securities shall be deposited with and remain in the custody of the treasurer of the local board, who shall collect the interest due on them as it becomes due and payable. The local board may sell any of the securities belonging to the 1953 fund and borrow money upon the securities as collateral whenever in the judgment of the local board this action is necessary to meet the cash requirements of the 1953 fund.

(b) The revenues derived from the tax levy authorized by section 10(c) of this chapter may not be invested but shall be used for the exclusive purpose of paying the pensions and benefits that the local board is obligated to pay. These revenues are in addition to all money derived from the income on the investments of the board.

(c) Investments under this section are subject to section 1.5 of this chapter.

(d) If the local board decides to allocate part of the assets of the 1953 fund to alternative investments (as defined in IC 5-10.2-2-18), the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 297. IC 36-8-10-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. (a) The department and a trustee may establish and operate an actuarially sound pension trust as a retirement plan for the exclusive benefit of the employee beneficiaries. However, a department and a trustee may not establish or modify a retirement plan after June 30, 1989, without the approval of the county fiscal body which shall not reduce or diminish any benefits of the employee beneficiaries set forth in any retirement plan that was in effect on January 1, 1989.

(b) The normal retirement age may be earlier but not later than the age of seventy (70). However, the sheriff may retire an employee who is otherwise eligible for retirement if the board finds that the employee is not physically or mentally capable of performing the employee's duties.

(c) Joint contributions shall be made to the trust fund:

(1) either by:

(A) the department through a general appropriation provided to the department;

(B) a line item appropriation directly to the trust fund; or

(C) both; and

(2) by an employee beneficiary through authorized monthly deductions from the employee beneficiary's salary or wages. However, the employer may pay all or a part of the contribution for the employee beneficiary.

Contributions through an appropriation are not required for plans established or modifications adopted after June 30, 1989, unless the establishment or modification is approved by the county fiscal body.

(d) For a county not having a consolidated city, the monthly deductions from an employee beneficiary's wages for the trust fund may not exceed six percent (6%) of the employee beneficiary's average monthly wages. For a county having a consolidated city, the monthly deductions from an employee beneficiary's wages for the trust fund may not exceed seven percent (7%) of the employee beneficiary's average monthly wages.

(e) The minimum annual contribution by the department must be sufficient, as determined by the pension engineers, to prevent deterioration in the actuarial status of the trust fund during that year. If the department fails to make minimum contributions for three (3) successive years, the pension trust terminates and the trust fund shall be liquidated.

(f) If during liquidation all expenses of the pension trust are paid, adequate provision must be made for continuing pension payments to retired persons. Each employee beneficiary is entitled to receive the net amount paid into the trust fund from the employee beneficiary's wages, and any remaining sum shall be equitably divided among employee beneficiaries in proportion to the net amount paid from their wages into the trust fund.

(g) If a person ceases to be an employee beneficiary because of death, disability, unemployment, retirement, or other reason, the person, the person's beneficiary, or the person's estate is entitled to receive at least the net amount paid into the trust fund from the person's wages, either in a lump sum or monthly installments not less than the person's pension amount.

(h) If an employee beneficiary is retired for old age, the employee beneficiary is entitled to receive a monthly income in the proper amount of the employee beneficiary's pension during the employee beneficiary's lifetime.

(i) To be entitled to the full amount of the employee beneficiary's pension classification, an employee beneficiary must have contributed at least twenty (20) years of service to the department before retirement. Otherwise, the employee beneficiary is entitled to receive a pension proportional to the length of the employee beneficiary's service.

(j) This subsection does not apply to a county that adopts an ordinance under section 12.1 of this chapter. For an employee beneficiary who retires before January 1, 1985, a monthly pension may not exceed by more than twenty dollars ($20) one-half (½) the amount of the average monthly wage received during the highest paid five (5) years before retirement. However, in counties where the fiscal body approves the increases, the maximum monthly pension for an employee beneficiary who retires after December 31, 1984, may be increased by no more or no less than two percent (2%) of that average monthly wage for each year of service over twenty (20) years to a maximum of seventy-four percent (74%) of that average monthly wage plus twenty dollars ($20). For the purposes of determining the amount of an increase in the maximum monthly pension approved by the fiscal body for an employee beneficiary who retires after December 31, 1984, the fiscal body may determine that the employee beneficiary's years of service include the years of service with the sheriff's department that occurred before the effective date of the pension trust. For an employee beneficiary who retires after June 30, 1996, the average monthly wage used to determine the employee beneficiary's pension benefits may not exceed the monthly minimum salary that a full-time prosecuting attorney was entitled to be paid by the state at the time the employee beneficiary retires.

(k) The trust fund may not be commingled with other funds, except as provided in this chapter, and may be invested only in accordance with statutes for investment of trust funds, including other investments that are specifically designated in the trust agreement.

(l) The trustee receives and holds as trustee all money paid to it as trustee by the department, the employee beneficiaries, or by other persons for the uses stated in the trust agreement.

(m) The trustee shall engage pension engineers to supervise and assist in the technical operation of the pension trust in order that there is no deterioration in the actuarial status of the plan.

(n) Within ninety (90) days after the close of each fiscal year the trustee, with the aid of the pension engineers, shall prepare and file an annual report with the department and the state insurance department. The report must include the following:

(1) Schedule 1. Receipts and disbursements.

(2) Schedule 2. Assets of the pension trust listing investments by book value and current market value as of the end of the fiscal year.

(3) Schedule 3. List of terminations, showing the cause and amount of refund.

(4) Schedule 4. The application of actuarially computed "reserve factors" to the payroll data properly classified for the purpose of computing the reserve liability of the trust fund as of the end of the fiscal year.

(5) Schedule 5. The application of actuarially computed "current liability factors" to the payroll data properly classified for the purpose of computing the liability of the trust fund as of the end of the fiscal year.

(o) No part of the corpus or income of the trust fund may be used or diverted to any purpose other than the exclusive benefit of the

members and the beneficiaries of the members.

(p) If the trustee decides to allocate part of the assets of the pension trust to alternative investments (as defined in IC 5-10.2-2-18), the trustee shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.".

Page 304, line 20, after "minus" insert "~~(ii)~~".

Page 305, line 38, delete "(A)" and insert "**(1)**".

Page 305, line 40, delete "(B)" and insert "**(2)**".

Page 305, line 41, delete "(I)" and insert "**(A)**".

Page 305, line 42, delete "(ii)" and insert "**(B)**".

Page 306, line 6, delete "(A)" and insert "**(1)**".

Page 306, line 8, delete "(B)" and insert "**(2)**".

Page 306, line 9, delete "(I)" and insert "**(A)**".

Page 306, line 10, delete "(ii)" and insert "**(B)**".

Page 308, line 39, before "general" insert "**state**".

Page 308, line 41, before "general" insert "**state**".

Page 309, line 29, delete "June 30, 2003" and insert "**November 30, 2002**".

Page 309, line 33, delete "July 1, 2003" and insert "**December 1, 2002**".

Page 309, line 35, delete "June 1, 2003" and insert "**November 1, 2002**".

Page 309, line 36, delete "July 1, 2003" and insert "**December 1, 2002**".

Page 309, line 37, delete "June" and insert "**November**".

Page 309, line 38, delete " 2003" and insert " **2002**".

Page 309, line 42, delete "July 31, 2003" and insert "**December 31, 2002**".

Page 310, line 1, delete "June 30, 2003" and insert "**November 30, 2002**".

Page 313, line 4, after "hundred" insert "**forty-two**".

Page 313, line 5, delete "($34,800,000)" and insert "**($34,842,000)**".

Page 313, line 7, after "." insert "**The money shall be allocated under IC 8-14-1-3, as amended by this act, in a manner that allows cities, towns, and counties to receive the same distribution under IC 8-14-1-3(1) and IC 8-14-1-3(2), as amended by this act, in fiscal year 2002-2003 as the cities, towns, and counties would have received in fiscal year 2002-2003 if IC 8-14-1-3 had not been amended by this act.**".

Page 315, between lines 2 and 3, begin a new paragraph and insert:

"**(o) Notwithstanding the limitations on the use of funds from the build Indiana fund in IC 4-30-17-4.1, the appropriations under this SECTION are payable from the build Indiana fund after review and approval under IC 4-30-17-10.**".

Page 315, delete lines 40 through 42, begin a new paragraph and insert:

"SECTION 326. [EFFECTIVE JULY 1, 2001 (RETROACTIVE)]: **(a) There is appropriated to the legislative services agency one hundred thousand dollars ($100,000) from the state general fund for the purpose of funding activities of subcommittees of the Indiana commission on excellence in health care established by P.L.220-2001, SECTION 1 beginning July 1, 2001, and ending June 30, 2003.**

(b) This SECTION expires June 30, 2003.

SECTION 327. [EFFECTIVE JULY 1, 2002] **IC 6-1.1-10.1-10, as added by this act, applies to property taxes first due and payable after December 31, 2003.**

SECTION 328. [EFFECTIVE JULY 1, 2003] **(a) The duties conferred on the department of commerce relating to energy policy are transferred to the department of environmental management, established by IC 13-13-1-1, on July 1, 2003.**

(b) The rules adopted by the department of commerce concerning energy policy before July 1, 2003, are considered, after June 30, 2003, rules of the department of environmental management until the department of environmental management adopts replacement rules.

(c) On July 1, 2003, the department of environmental management becomes the owner of all real and personal property relating to energy policy of the department of commerce.

(d) Any fund relating to energy policy under the control or supervision of the department of commerce on June 30, 2003, shall be transferred to the control or supervision of the department of environmental management on July 1, 2003.

(e) The legislative services agency shall prepare legislation for introduction in the 2004 regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the department of environmental management by this act.

(f) This SECTION expires June 30, 2004.

SECTION 329. [EFFECTIVE JULY 1, 2003] **(a) The duties conferred on the department of commerce relating to tourism and community development are transferred to the department of tourism and community development, established by IC 4-4-3-2, as amended by this act, on July 1, 2003.**

(b) The rules adopted by the department of commerce concerning tourism and community development before July 1, 2003, are considered, after June 30, 2003, rules of the department of tourism and community development until the department of tourism and community development adopts replacement rules.

(c) On July 1, 2003, the department of tourism and community development becomes the owner of all real and personal property relating to tourism promotion and community development of the department of commerce.

(d) Any fund relating to tourism and community development under the control or supervision of the department of commerce on June 30, 2003, shall be transferred to the control or supervision of the department of tourism and community development on July 1, 2003.

(e) The legislative services agency shall prepare legislation for introduction in the 2004 regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the department of tourism and community development by this act.

(f) This SECTION expires June 30, 2004.

SECTION 330. [EFFECTIVE JULY 1, 2003] **(a) The duties conferred on the department of commerce relating to economic development in Indiana, except those relating to energy policy or tourism and community development, are transferred to the economic development corporation, established by IC 4-3-13.7, as added by this act, on July 1, 2003.**

(b) The rules adopted by the department of commerce, except those related to energy policy and tourism and community development, before July 1, 2003, concerning the duties of the department of commerce are considered, after June 30, 2003, rules of the economic development corporation until the corporation adopts replacement rules.

(c) On July 1, 2003, the Indiana economic development corporation becomes the owner of all real and personal property, except the real and personal property related to energy policy and tourism and community development, of the department of commerce.

(d) Any fund under the control or supervision of the department of commerce, except funds related to energy policy and tourism and community development, on June 30, 2003, is transferred to the control or supervision of the economic development corporation on July 1, 2003.

(e) The legislative services agency shall prepare legislation for introduction in the 2004 regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the economic development corporation by this act.

(f) This SECTION expires June 30, 2004.

SECTION 331. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "department" refers to the department of workforce development established by IC 22-4.1-2-1.**

(b) As used in this SECTION, "job skills training program" has the meaning set forth in IC 22-4.1-7-1, as added by this act.

(c) Notwithstanding IC 22-4.1-7-4, as added by this act, the department shall adopt rules under IC 4-22-2 to establish standards for:

(1) certifying job skills training programs in Indiana; and

(2) certifying that a job skills training program is related to particular career fields or job classifications, for purposes of allowing employees to claim a credit against state tax liability under IC 6-3.1-27, as added by this act;

as required under IC 22-4.1-7-4, as added by this act, not later than December 31, 2002.

(d) This SECTION expires January 1, 2004.

SECTION 332. [EFFECTIVE JANUARY 1, 2003] **(a) IC 6-3.1-26 and IC 6-3.1-27, both as added by this act, apply to taxable years beginning after December 31, 2002.**

(b) Notwithstanding any other provision of this act or any other law, all fee increases made by this act to fees collectable under IC 13 shall be used exclusively for total operating expenses of the Indiana department of environmental management and its governing boards. The additional fees are appropriated for these purposes for the period beginning July 1, 2001, and ending June 30, 2003. Notwithstanding any other law, the budget agency or the board of finance has no authority to use the revenue generated by these fees for any other purpose.

SECTION 333. [EFFECTIVE JULY 1, 2002] **IC 5-10.2-2-18, as added by this act, applies only to investments made after June 30, 2002.**".

Delete page 316,

Page 317, delete lines 1 through 9.

Renumber all SECTIONS consecutively.

(Reference is to HB 1004 as reprinted January 25, 2002.)

BAUER

Upon request of Representatives Bauer and Kruzan, the Speaker ordered the roll of the House to be called. Roll Call 23: yeas 81, nays 14. There being a two-thirds vote in favor of the motion, the motion prevailed.

COMMITTEE REPORT

Mr. Speaker: Your Committee of One, to which was referred Engrossed House Bill 1004, begs leave to report that said bill has been amended as directed.

BAUER

Upon request of Representatives Bauer and Kruzan, the Speaker ordered the roll of the House to be called. Roll Call 24: yeas 85, nays 12. Report adopted.

Representative Bauer withdrew the call of Engrossed House Bill 1004.

HOUSE BILLS ON SECOND READING

The following bills were called down by their respective authors, were read a second time by title, and, there being no amendments, were ordered engrossed: House Bills 1005,1030,1043,1111,1139 1140,1154,and 1292.

House Bill 1015

Representative Cochran called down House Bill 1015 for second reading. The bill was read a second time by title.

HOUSE MOTION
(Amendment 1015–1)

Mr. Speaker: I move that House Bill 1015 be amended to read as follows:

Page 2, delete lines 3 through 5.

Renumber all SECTIONS consecutively.

(Reference is to House Bill 1015 as printed January 25, 2002.)

COCHRAN

Motion prevailed. The bill was ordered engrossed.

House Bill 1133

Representative Frenz called down House Bill 1133 for second reading. The bill was read a second time by title.

HOUSE MOTION
(Amendment 1133–1)

Mr. Speaker: I move that House Bill 1133 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 20-9.1-1-4.5, AS AMENDED BY P.L.278-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4.5. As used in this article, the term "special purpose bus" means any motor vehicle designed and constructed:

(1) for the accommodation of more than ten (10) passengers;

(2) that:

(A) meets the federal school bus safety requirements under 49 U.S.C. 30125 except the:

~~(A)~~ **(i)** stop signal arm required under federal motor vehicle safety standard (FMVSS) no. 131; and

(B) **(ii)** flashing lamps required under federal motor vehicle safety standard (FMVSS) no. 108; ~~and~~ **or**

(B) when owned by a school corporation and used to transport children, complies with the Federal Motor Carrier Safety Regulations as prescribed by the United States Department of Transportation Federal Motor Carrier Safety Administration as set forth in 49 CFR Chapter III Subchapter B; and

(3) that is used by a school corporation for transportation purposes not appropriate for school buses.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1133 as printed January 24, 2002.)

BOTTORFF

Motion prevailed. The bill was ordered engrossed.

House Bill 1163

Representative Crooks called down House Bill 1163 for second reading. The bill was read a second time by title.

HOUSE MOTION
(Amendment 1163–1)

Mr. Speaker: I move that House Bill 1163 be amended to read as follows:

Page 3, line 13, after "to" insert "**:**

(I)".

Page 3, line 14, delete "if:" and insert "**one (1) time per year; and**

(ii)".

Page 3, delete lines 15 through 21.

Page 3, line 22, delete "for at least one (1) year, and the insurer agrees to".

Page 5, line 6, after "to" insert "**:**

(I)".

Page 5, line 7, delete "if:" and insert "**one (1) time per year; and**

(ii)".

Page 5, delete lines 8 through 14.

Page 5, line 15, delete "for at least one (1) year, and the insurer agrees to".

(Reference is to HB 1163 as printed January 24, 2002.)

CROOKS

Motion prevailed. The bill was ordered engrossed.

House Bill 1171

Representative Avery called down House Bill 1171 for second reading. The bill was read a second time by title.

HOUSE MOTION
(Amendment 1171–3)

Mr. Speaker: I move that House Bill 1171 be amended to read as follows:

Page 7, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 7. IC 16-41-8-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) Except as provided in subsections (d) and (e) **and IC 16-41-39.4-4,** a person may not disclose or be compelled to disclose medical or

epidemiological information involving a communicable disease or other disease that is a danger to health (as defined under rules adopted under IC 16-41-2-1). This information may not be released or made public upon subpoena or otherwise, except under the following circumstances:

(1) Release may be made of medical or epidemiologic information for statistical purposes if done in a manner that does not identify an individual.

(2) Release may be made of medical or epidemiologic information with the written consent of all individuals identified in the information released.

(3) Release may be made of medical or epidemiologic information to the extent necessary to enforce public health laws, laws described in IC 31-37-19-4 through IC 31-37-19-6, IC 31-37-19-9 through IC 31-37-19-10, IC 31-37-19-12 through IC 31-37-19-23, IC 35-38-1-7.1, and IC 35-42-1-7, or to protect the health or life of a named party.

(b) Except as provided in subsection (a), a person responsible for recording, reporting, or maintaining information required to be reported under IC 16-41-2 who recklessly, knowingly, or intentionally discloses or fails to protect medical or epidemiologic information classified as confidential under this section commits a Class A misdemeanor.

(c) In addition to subsection (b), a public employee who violates this section is subject to discharge or other disciplinary action under the personnel rules of the agency that employs the employee.

(d) Release shall be made of the medical records concerning an individual to the individual or to a person authorized in writing by the individual to receive the medical records.

(e) An individual may voluntarily disclose information about the individual's communicable disease.

(f) The provisions of this section regarding confidentiality apply to information obtained under IC 16-41-1 through IC 16-41-16.".

Page 7, line 25, delete "and".

Page 7, line 26, delete "." and insert "**;**".

Page 7, between lines 26 and 27, begin a new line double block indented and insert:

"**(C) the gender;**

(D) the race; and

(E) any other information that is required to be included to qualify to receive federal funding.".

Page 7, between lines 36 and 37, begin a new paragraph and insert:

"SECTION 10. IC 16-41-39.4-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 4. (a) Notwithstanding IC 16-41-8-1, information, including a child's name, address, and demographic information, that is gathered after January 1, 1990, concerning the concentration of lead in the blood of a child less than seven (7) years of age shall be shared with:**

(1) the federal Department of Health and Human Services;

(2) the state department;

(3) the family and social services administration; and

(4) local health departments;

to determine the prevalence and distribution of lead poisoning in children less than seven (7) years of age.

(b) Notwithstanding IC 16-41-8-1, information described in subsection (a) that is gathered after July 1, 2002, shall be shared with organizations that administer state and local programs covered by the United States Department of Housing and Urban Development regulations concerning lead-based paint poisoning prevention in certain residential structures under 24 CFR Subpart A, Part 35 to ensure that children potentially affected by lead-based paint and lead hazards are adequately protected from lead poisoning.

(c) A person who shares data under this section is not liable for any damages caused by compliance with this section.

SECTION 11. IC 34-30-2-83.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 83.3. IC 16-41-39.4-4 (Concerning sharing information involving the concentration of lead in the blood of children less than seven (7) years of age).**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1171 as printed January 23, 2002.)

AVERY

Motion prevailed. The bill was ordered engrossed.

House Bill 1275

Representative V. Smith called down House Bill 1275 for second reading. The bill was read a second time by title.

HOUSE MOTION
(Amendment 1275–1)

Mr. Speaker: I move that House Bill 1275 be amended to read as follows:

Page 5, between lines 41 and 42, begin a new paragraph and insert:

"SECTION 3. IC 11-8-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The board shall:

(1) adopt rules for the conduct of its own business;

(2) approve or disapprove, before adoption, any rule to be adopted by the department under IC 4-22-2;

(3) approve or disapprove, before implementation, any resolution, ~~or~~ directive, **or other statement** of the department, ~~relating~~ **including the commissioner, regardless of its name or designation, that relates** to departmental organization or policy, **including general internal organization, policies, standards, or procedures applicable to one (1) or more facilities, programs, or categories of persons under the jurisdiction of the department, employees, or contractors;** and

(4) keep records of all its official actions and make them accessible according to law.

(b) The board may:

(1) appoint temporary advisory committees for any purpose;

(2) visit and inspect, without notice, any facility or program of the department, either individually or collectively, to examine the affairs and condition of the department; and

(3) exercise any other power reasonably necessary in discharging its duties and powers.

(c) The board has no direct administrative or executive powers other than those granted by this section.

(d) For purposes of IC 4-22-2, the term "rule" as used in subsection (a)(1) relates solely to internal policy, organization, and procedure not having the force of law.

(e) This section shall be liberally construed for conduct of the board after June 30, 2002, to implement the intent of the general assembly, as first stated in the commentary to the proposed final draft of the correctional code published by the correctional code commission in October 1977, to place policy authority in a seven (7) member board of correction rather than a single department head.".

Page 7, after line 21, begin a new paragraph and insert:

"SECTION 7. [EFFECTIVE JULY 1, 2002] **(a) A bylaw adopted by the board of correction before October 1, 1980, (the date on which the enactment of IC 11-8-2-3 became effective) is void.**

(b) IC 11-8-2-3, as amended by this act, applies only to resolutions, directives, and other statements of the department of correction, including the commissioner, adopted or amended after June 30, 2002. However, the board of correction may review and make recommendations for change for any resolution, directive, or other statement of the department of correction, including the commissioner, relating to departmental organization or policy.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1275 as printed January 24, 2002.)

V. SMITH

Motion prevailed. The bill was ordered engrossed.

House Bill 1300

Representative Dillon called down House Bill 1300 for second reading. The bill was read a second time by title.

HOUSE MOTION
(Amendment 1300–1)

Mr. Speaker: I move that House Bill 1300 be amended to read as follows:

Page 3, line 18, after "the" insert "**following:**

(1) The".

Page 3, line 19, delete "IC 9-18-2-18" and insert "**IC 9-18-2-28**".

Page 3, between lines 22 and 23, begin a new line block indented and insert:

"**(2) The numbers set forth in IC 9-18-2-28 for a vehicle issued a safety first license plate under IC 9-18-45.**".

Page 3, line 27, delete "IC 9-18-2-18" and insert "**IC 9-18-2-28**".

Page 3, line 30, after "war" insert "**or for a vehicle issued a safety first license plate under IC 9-18-45**".

(Reference is to HB 1300 as printed January 24, 2002.)

TINCHER

Motion failed. The bill was ordered engrossed.

Representative Bardon was present. Representative Summers was excused for the rest of the day.

REPORTS FROM COMMITTEES

COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce, Economic Development and Technology, to which was referred House Bill 1055, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 6, after "employees." insert "**This section does not apply to a purchase under IC 5-22-13.**".

Page 1, between lines 7 and 8, begin a new line block indented and insert:

"**(1) An estimate of the cost that the governmental body would incur if performing the functions covered by the contract with the governmental body's employees during the period comprising the term of the proposed contract. The estimate must include labor, overhead, and other administrative costs.**".

Page 1, line 8, delete "(1)" and insert "**(2)**".

Page 1, line 13, delete "cost that the governmental" and insert "**amount described in subdivision (1).**".

Page 1, delete lines 14 through 17.

Page 2, line 1, delete "(2)" and insert "**(3)**".

Page 2, between lines 7 and 8, begin a new line block indented and insert:

"**(4) A statement that the contract between the governmental body and the offeror may provide for the deposit of surety bonds, the making of good faith deposits, liquidated damages, the right of reversion or repurchase, or other rights and remedies if the offeror fails to comply with the contract.**

SECTION 2. IC 5-22-13-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. **(a)** Supplies and services purchased under this chapter must:

(1) meet the specifications and needs of the purchasing governmental body; and

(2) be purchased at a fair market price.

(b) Supplies and services purchased under this chapter are not subject to IC 5-22-5-9.".

Page 2, line 13, after "employees." insert "**This section does not apply to a purchase under IC 5-22-13.**".

Page 2, line 20, after "body" insert "**estimates that the governmental body**".

Page 2, line 29, after "employees." insert "**This section does not apply to a purchase under IC 5-22-13.**".

Page 2, line 31, delete "IC 5-22-5-9(b)(2)." and insert "**IC 5-22-5-9(b)(3).**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1055 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 8, nays 2.

FRY, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1062, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT concerning labor and industrial safety.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 22-12-2-2, AS AMENDED BY P.L.1-1999, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The commission consists of ~~eighteen (18)~~ **nineteen (19)** voting members and two (2) nonvoting members. The governor shall appoint ~~sixteen (16)~~ **seventeen (17)** voting members to the commission, each to serve a term of four (4) years. The state health commissioner or the commissioner's designee shall serve as a voting member of the commission, and the commissioner of labor or the commissioner's designee shall serve as a voting member of the commission. The state fire marshal and the state building commissioner shall serve as nonvoting members of the commission.

(b) Each appointed member of the commission must have a recognized interest, knowledge, and experience in the field of fire prevention, fire protection, building safety, or other related matters.

(c) The appointed members of the commission must include the following:

(1) One (1) member of a ~~professional,~~ paid fire department.

(2) One (1) member of a volunteer fire department.

(3) One (1) individual in the field of fire insurance.

(4) One (1) individual in the fire service industry.

(5) One (1) individual in the manufactured housing industry.

(6) One (1) individual in the field of fire protection engineering.

(7) One (1) professional engineer.

(8) One (1) building contractor.

(9) One (1) individual in the field of building one (1) and two (2) family dwellings.

(10) One (1) registered architect.

(11) One (1) individual engaged in the design or construction of heating, ventilating, air conditioning, or plumbing systems.

(12) One (1) individual engaged in the design or construction of regulated lifting devices.

(13) One (1) building commissioner of a city, town, or county.

(14) One (1) individual in an industry that operates regulated amusement devices.

(15) One (1) individual who is knowledgeable in accessibility requirements and who has personal experience with a disability.

(16) One (1) individual who represents owners, operators, and installers of underground and aboveground motor fuel storage tanks and dispensing systems.

(17) One (1) individual in the masonry trades.

(d) Not more than ~~nine (9)~~ **ten (10)** of the appointed members of the commission may be affiliated with the same political party.

(e) An appointed member of the commission may not serve more than two (2) consecutive terms. However, any part of an unexpired term served by a member filling a vacancy does not count toward this limitation.

SECTION 2. IC 22-12-2-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) The commission shall meet at least quarterly.

(b) A quorum of the commission consists of ten (10) voting members. IC 4-21.5-3-3 applies to a commission action governed by IC 4-21.5. The commission may take other actions by an affirmative vote of:

(1) nine (9) members, if less than ~~eighteen (18)~~ **nineteen (19)** voting members are present and voting on the action; or

(2) ten (10) members, if ~~eighteen (18)~~ **nineteen (19)** members

are present and voting on the action.

(c) In the case of a tie vote on an action of the commission, the deciding vote shall be cast by the:

(1) state fire marshal, in even-numbered years; or

(2) state building commissioner, in odd-numbered years.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1062 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 21, nays 0.

BAUER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1099, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, between lines 21 and 22, begin a new paragraph and insert:

"**(c) The governing body shall notify the department and the department of workforce development whenever the governing body:**

(1) includes an approved course for; or

(2) removes an approved course from;

the high school curriculum.".

Page 2, after line 42, begin a new paragraph and insert:

"SECTION 4. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "department" refers to the department of education established by IC 20-1-1.1-2.**

(b) The department shall establish minimum standards for student safety, equipment, teacher licensing under rules adopted by the professional standards board, and curriculum for the secondary level vocational education courses approved under IC 20-1-18.4-3, as amended by this act, before January 1, 2003.

(c) Notwithstanding IC 20-10.1-6-2, as amended by this act, and IC 20-10.1-6-14, as amended by this act, a governing body or a management board for a joint program may not include an approved secondary level vocational education course in the curriculum until the department has established minimum standards for the course under this SECTION.

(d) This SECTION expires January 2, 2003.

SECTION 5. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1099 as introduced.)

and when so amended that said bill do pass.

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

PORTER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred House Bill 1100, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 7, after "loss" insert "**if a police report is provided to the insurer not more than forty-eight (48) hours after the incident**".

(Reference is to HB 1100 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

CROOKS, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred House Bill 1114, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning professions and occupations and to make an appropriation.

Page 2, between lines 27 and 28, begin a new paragraph and insert:

"**(c) A person does not come within the definition set forth in subsection (a) by taking any action with respect to an animal that is authorized by a license or permit issued to the person by the department of natural resources.**".

Page 4, between lines 13 and 14, begin a new paragraph and insert:

"**(f) The money in the fund is annually appropriated to the board for its use in carrying out this article.**".

Page 4, line 14, after "6." insert "**(a)**".

Page 4, between lines 23 and 24, begin a new paragraph and insert:

"**(b) A conservation officer of the department of natural resources may inspect any pet store and may enter upon any public or private property where any pet store is located during the store's regular business hours for the following purposes:**

(1) Inspecting the property.

(2) Examining the animals.".

(Reference is to HB 1114 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

LYTLE, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce, Economic Development and Technology, to which was referred House Bill 1115, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 7, delete "any form" and insert "**the following forms**".

Page 1, line 9, delete "economy." and insert "**economy:**".

Page 1, delete line 10.

Page 1, delete lines 12 through 16.

Page 1, line 17, delete "(4)" and insert "**(2)**".

Page 2, line 1, delete "(5)" and insert "**(3)**".

Page 2, line 2, delete "(6)" and insert "**(4)**".

Page 2, delete line 3.

Page 2, line 4, delete "(8)" and insert "**(5)**".

Page 2, line 5, delete "(9)" and insert "**(6)**".

Page 2, line 8, delete "(10)" and insert "**(7)**".

Page 2, delete line 9.

Page 2, line 10, delete "(12)" and insert "**(8)**".

Page 2, between lines 12 and 13, begin a new paragraph and insert:

"**Sec. 3. As used in this chapter, "recipient" means a person who, after December 31, 2002, applied for and was awarded development assistance in an amount not less than five thousand dollars ($5,000) under a program or fund operated or administered by a granting body.**".

Page 2, line 13, delete "3." and insert "**4.**".

Page 2, line 15, delete "applying for" and insert "**receiving**".

Page 2, line 16, after "body." insert "**The standardized information form must be able to be optically scanned.**".

Page 2, line 19, delete "An application" and insert "**A**".

Page 2, line 20, delete "application for" and insert "**recipient of**".

Page 2, line 25, delete "applicant" and insert "**recipient**".

Page 2, line 26, delete "for" and insert "**of**".

Page 2, line 29, delete "applicant for" and insert "**recipient of**".

Page 2, line 30, after "assistance" insert "**was awarded.**".

Page 2, delete line 31.

Page 2, line 32, delete "applicant's" and insert "**recipient's**".

Page 2, line 33, delete "a" and insert "**the**".

Page 2, line 33, after "site" insert "**for which development assistance was awarded.**".

Page 2, delete line 34.
Page 2, line 36, delete "applicant's" and insert "**recipient's**".
Page 2, line 38, after "date of the" insert "**award of development assistance.**".
Page 2, delete line 39.
Page 2, line 40, delete "for" and insert "**awarded.**".
Page 2, delete line 41.
Page 3, line 1, delete "that the applicant estimates will be".
Page 3, line 2, after "the" insert "**award of**".
Page 3, line 3, delete "that the applicant will" and insert "**paid**".
Page 3, line 4, delete "pay".
Page 3, line 7, delete "application for" and insert "**award of**".
Page 3, line 18, delete "application for" and insert "**award of**".
Page 3, delete lines 26 through 32.
Page 3, line 33, delete "(14)" and insert "**(12)**".
Page 3, line 33, delete "applicant's" and insert "**recipient's**".
Page 3, line 35, delete "applicant" and insert "**recipient**".
Page 3, line 36, delete "applicant's" and insert "**recipient's**".
Page 3, line 39, delete "applicant" and insert "**recipient**".
Page 3, line 40, delete "(15)" and insert "**(13)**".
Page 3, line 40, delete "applicant" and insert "**recipient**".
Page 3, line 41, delete "application," and insert "**information,**".
Page 4, line 1, delete "an applicant for" and insert "**a recipient of**".
Page 4, line 4, delete "is sought." and insert "**was awarded.**".
Page 4, line 9, delete "4." and insert "**5.**".
Page 4, line 11, delete "3" and insert "**4**".
Page 4, line 34, delete "5." and insert "**6.**".
Page 4, line 38, delete "3" and insert "**4**".
Page 5, line 12, delete "3" and insert "**4**".
Page 5, line 16, delete "6." and insert "**7.**".
Page 5, after line 23, begin a new paragraph and insert:
"**Sec. 8. The department of commerce shall use:**
(1) existing staff and resources; and
(2) authorized but vacant staff positions;
to perform the duties of the department of commerce under this chapter.".
(Reference is to HB 1115 as introduced.)
and when so amended that said bill do pass.
Committee Vote: yeas 10, nays 0.

FRY, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred House Bill 1119, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:
Page 1, line 11, delete "January" and insert "July".
Page 2, between lines 1 and 2, begin a new line block indented and insert:
"**(3) An identity preserved contract.**".
Page 2, line 24, delete "not".
Page 2, line 24, delete "does not violate" and insert "**is not enforceable against a farmer.**".
Page 2, delete line 25.
Page 3, between lines 23 and 24, begin a new paragraph and insert:
"**(d) In an action on the seed contract between the seed supplier and the farmer, the prevailing party may recover the costs that the prevailing party paid under subsection (c) in addition to any other damages to which the prevailing party is entitled.**".
Page 3, line 24, delete "(d)" and insert "**(e)**".
Page 3, line 31, delete "(e)" and insert "**(f)**".
Page 3, line 31, delete "of agriculture".
Page 4, line 31, after "seed" insert "**suppliers.**".
Page 4, delete line 32.
(Reference is to HB 1119 as introduced.)
and when so amended that said bill do pass.
Committee Vote: yeas 9, nays 2.

LYTLE, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Human Affairs, to which was referred House Bill 1214, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.
Committee Vote: yeas 13, nays 1.

SUMMERS, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Human Affairs, to which was referred House Bill 1215, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.
Committee Vote: yeas 13, nays 0.

SUMMERS, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred House Bill 1241, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:
Page 1, between the enacting clause and line 1, begin a new paragraph and insert:
"SECTION 1. IC 4-13-2-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 20. (a) Except as otherwise provided in this section, IC 20-1-1.8-17.2, or IC 12-8-10-7, payment for any services, supplies, materials, or equipment shall not be paid from any fund or state money in advance of receipt of such services, supplies, materials, or equipment by the state.
(b) With the prior approval of the budget agency, payment may be made in advance for any of the following:
(1) War surplus property.
(2) Property purchased or leased from the United States government or its agencies.
(3) Dues and subscriptions.
(4) License fees.
(5) Insurance premiums.
(6) Utility connection charges.
(7) Federal grant programs where advance funding is not prohibited and, except as provided in subsection (I), the contracting party posts sufficient security to cover the amount advanced.
(8) Grants of state funds authorized by statute.
(9) Employee expense vouchers.
(10) Beneficiary payments to the administrator of a program of self-insurance.
(11) Services, supplies, materials, or equipment to be received from an agency or from a body corporate and politic.
(12) Expenses for the operation of offices that represent the state under contracts with the department of commerce and that are located outside Indiana.
(13) Services, supplies, materials, or equipment to be used for more than one (1) year under a discounted contractual arrangement funded through a designated leasing entity.
(14) Maintenance of equipment and maintenance of software not exceeding an annual amount of one thousand five hundred dollars ($1,500) for each piece of equipment or each software license.
(15) Exhibits, artifacts, specimens, or other unique items of cultural or historical value or interest purchased by the state museum.
(c) Any state agency and any state college or university supported

in whole or in part by state funds may make advance payments to its employees for duly accountable expenses exceeding ten dollars ($10) incurred through travel approved by the employee's respective agency director in the case of a state agency and by a duly authorized person in the case of any such state college or university.

(d) The auditor of state may, with the approval of the budget agency and of the commissioner of the Indiana department of administration:

(1) appoint a special disbursing officer for any state agency or group of agencies where it is necessary or expedient that a special record be kept of a particular class of disbursements or where disbursements are made from a special fund; and

(2) approve advances to the special disbursing officer or officers from any available appropriation for the purpose.

(e) The auditor of state shall issue the auditor's warrant to the special disbursing officer to be disbursed by the disbursing officer as provided in this section. Special disbursing officers shall in no event make disbursements or payments for supplies or current operating expenses of any agency or for contractual services or equipment not purchased or contracted for in accordance with this chapter and IC 5-22. No special disbursing officer shall be appointed and no money shall be advanced until procedures covering the operations of special disbursing officers have been adopted by the Indiana department of administration and approved by the budget agency. These procedures must include the following provisions:

(1) Provisions establishing the authorized levels of special disbursing officer accounts and establishing the maximum amount which may be expended on a single purchase from special disbursing officer funds without prior approval.

(2) Provisions requiring that each time a special disbursing officer makes an accounting to the auditor of state of the expenditure of the advanced funds, the auditor of state shall request that the Indiana department of administration review the accounting for compliance with IC 5-22.

(3) A provision that, unless otherwise approved by the commissioner of the Indiana department of administration, the special disbursing officer must be the same individual as the procurements agent under IC 4-13-1.3-5.

(4) A provision that each disbursing officer be trained by the Indiana department of administration in the proper handling of money advanced to the officer under this section.

(f) The commissioner of the Indiana department of administration shall cite in a letter to the special disbursing officer the exact purpose or purposes for which the money advanced may be expended.

(g) A special disbursing officer may issue a check to a person without requiring a certification under IC 5-11-10-1 if the officer:

(1) is authorized to make the disbursement; and

(2) complies with procedures adopted by the state board of accounts to govern the issuance of checks under this subsection.

(h) A special disbursing officer is not personally liable for a check issued under subsection (g) if:

(1) the officer complies with the procedures described in subsection (g); and

(2) funds are appropriated and available to pay the warrant.

(I) For contracts entered into between the department of workforce development or the Indiana commission on vocational and technical education and:

(1) a school corporation (as defined in IC 20-10.1-1-1); or

(2) a state educational institution (as defined in IC 20-12-0.5-1);

the contracting parties are not required to post security to cover the amount advanced.".

Page 3, line 17, delete "dollars ($100)." and insert "**twenty-five dollars ($125).**".

Page 3, line 19, delete "**ten**" and insert "**fifteen**".

Page 3, line 20, delete "**($10).**" and insert "**($15).**".

Page 4, after line 15, begin a new paragraph and insert:

"SECTION 9. IC 23-14-57-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. **(a) As used in this section, "removed" refers to the disinterment, disentombment, or disinurnment of the remains of a deceased human.**

(b) The remains, either cremated or uncremated, of a deceased human shall not be removed from a cemetery without:

(1) a written order ~~of~~ **issued by** the state department of health;

(2) the written consent of:

(A) the owner of the cemetery; or

(B) the owner's representative; and

(3) the written consent of:

(A) the spouse of the deceased; or

(B) the parents of the deceased in the case of a deceased minor child;

~~or a court order;~~

authorizing the disinterment, disentombment, or disinurnment.

(c) Before issuing a written authorization under subsection (b), the state department of health shall do the following:

(1) Obtain written evidence of the legal ownership of the property from which the remains will be removed.

(2) Send written notice to the department of natural resources, division of historic preservation and archaeology, of the time, date, and place from which the remains will be removed.

(3) Obtain written evidence that a licensed funeral director has agreed to:

(A) be present at the removal and at the reinterment, reentombment, or reinurnment of the remains; and

(B) cause the completed order of the state department of health to be recorded in the office of the county recorder of the county where the removal occurred.

(4) Obtain written evidence that a notice of the removal has been published at least five (5) days before the removal in a newspaper of general circulation in the county where the removal will occur.

(d) The state department of health may adopt rules under IC 4-22-2 to implement this section.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1241 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

LYTLE, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1253, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. [EFFECTIVE JULY 1, 2002] **(a) As used in this SECTION, "committee" refers to the mold standards study committee established under this SECTION.**

(b) There is established the mold standards study committee.

(c) The committee consists of the following:

(1) Two (2) members of the house of representatives appointed by the speaker of the house of representatives. The members appointed under this subdivision may not be members of the same political party.

(2) Two (2) members of the senate appointed by the president pro tempore of the senate. The members appointed under this subdivision may not be members of the same political party.

(3) Members appointed by the governor, subject to subsection (d), as follows:

(A) One (1) local official responsible for enforcing housing codes and maintaining public safety in buildings.

(B) One (1) person who is a licensed health professional under IC 25 and who is an expert on the health effects of mold.

(C) One (1) person who is a certified industrial hygienist (as defined by IC 24-4-11-4).

(D) One (1) person who represents mold abatement experts.

(E) One (1) person who represents individuals affected by toxic mold.

(F) One (1) person who represents builders.

(G) One (1) person who represents realtors.

(H) One (1) person who represents the Apartment Association of Indiana, Inc.

(4) The commissioner of the state department of health or the commissioner's representative.

(d) An appointed member of the committee serves at the pleasure of the appointing authority identified in subsection (c).

(e) The chairman of the legislative council shall designate the chairperson of the committee from the membership of the committee.

(f) The expenses of the committee shall be paid from appropriations made to the legislative council or the legislative services agency.

(g) The committee shall do the following:

(1) Study the risks associated with the exposure to certain molds that live in indoor environments.

(2) Study mold exposure limits for multicellular fungi that live in indoor environments in hospitals, nursing homes, child care facilities, and elementary and secondary schools.

(3) Submit its final report, as specified in the rules adopted by the legislative council, to:

(A) the governor; and

(B) the executive director of the legislative services agency.

(h) The legislative services agency shall provide staff support to the committee.

(i) Each member of the committee who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is also entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) Each member of the committee who is a state employee is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(k) Each member of the committee who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to members of the general assembly serving on interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(l) Seven (7) affirmative votes of the members of the committee are required for the committee to take action on any measure, including the final report.

(m) Except as specified in this SECTION, the committee shall operate under the rules of the legislative council.

(n) This SECTION expires November 1, 2002.

(Reference is to HB 1253 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 14, nays 0.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1271, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 9, line 23, after "decide" insert "**at a public meeting**".

Page 9, line 24, delete "at a public meeting".

Page 13, line 33, after "decide" insert "**at a public meeting**".

Page 13, line 34, delete "at a public meeting".

(Reference is to HB 1271 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 22, nays 1.

BAUER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred House Bill 1313, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 4, between lines 9 and 10, begin a new paragraph and insert:

"SECTION 3. IC 22-3-3-10, AS AMENDED BY P.L.31-2000, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) With respect to injuries in the following schedule occurring prior to April 1, 1951, the employee shall receive in addition to temporary total disability benefits not exceeding twenty-six (26) weeks on account of the injuries, a weekly compensation of fifty-five percent (55%) of the employee's average weekly wages. With respect to injuries in the following schedule occurring on and after April 1, 1951, and prior to July 1, 1971, the employee shall receive in addition to temporary total disability benefits not exceeding twenty-six (26) weeks on account of the injuries, a weekly compensation of sixty percent (60%) of the employee's average weekly wages. With respect to injuries in the following schedule occurring on and after July 1, 1971, and before July 1, 1977, the employee shall receive in addition to temporary total disability benefits not exceeding twenty-six (26) weeks on account of the injuries, a weekly compensation of sixty percent (60%) of the employee's average weekly wages not to exceed one hundred dollars ($100) average weekly wages, for the periods stated for the injuries. With respect to injuries in the following schedule occurring on and after July 1, 1977, and before July 1, 1979, the employee shall receive, in addition to temporary total disability benefits not exceeding twenty-six (26) weeks on account of the injury, a weekly compensation of sixty percent (60%) of his average weekly wages, not to exceed one hundred twenty-five dollars ($125) average weekly wages, for the period stated for the injury. With respect to injuries in the following schedule occurring on and after July 1, 1979, and before July 1, 1988, the employee shall receive, in addition to temporary total disability benefits not to exceed fifty-two (52) weeks on account of the injury, a weekly compensation of sixty percent (60%) of the employee's average weekly wages, not to exceed one hundred twenty-five dollars ($125) average weekly wages, for the period stated for the injury. With respect to injuries in the following schedule occurring on and after July 1, 1988, and before July 1, 1989, the employee shall receive, in addition to temporary total disability benefits not exceeding seventy-eight (78) weeks on account of the injury, a weekly compensation of sixty percent (60%) of the employee's average weekly wages, not to exceed one hundred sixty-six dollars ($166) average weekly wages, for the period stated for the injury.

With respect to injuries in the following schedule occurring on and after July 1, 1989, and before July 1, 1990, the employee shall receive, in addition to temporary total disability benefits not exceeding seventy-eight (78) weeks on account of the injury, a weekly compensation of sixty percent (60%) of the employee's average weekly wages, not to exceed one hundred eighty-three dollars ($183) average weekly wages, for the period stated for the injury.

With respect to injuries in the following schedule occurring on and after July 1, 1990, and before July 1, 1991, the employee shall receive, in addition to temporary total disability benefits not exceeding seventy-eight (78) weeks on account of the injury, a weekly compensation of sixty percent (60%) of the employee's average weekly wages, not to exceed two hundred dollars ($200) average weekly wages, for the period stated for the injury.

(1) Amputation: For the loss by separation of the thumb, sixty (60) weeks, of the index finger forty (40) weeks, of the second

finger thirty-five (35) weeks, of the third or ring finger thirty (30) weeks, of the fourth or little finger twenty (20) weeks, of the hand by separation below the elbow joint two hundred (200) weeks, or the arm above the elbow two hundred fifty (250) weeks, of the big toe sixty (60) weeks, of the second toe thirty (30) weeks, of the third toe twenty (20) weeks, of the fourth toe fifteen (15) weeks, of the fifth or little toe ten (10) weeks, and for loss occurring before April 1, 1959, by separation of the foot below the knee joint one hundred fifty (150) weeks and of the leg above the knee joint two hundred (200) weeks; for loss occurring on and after April 1, 1959, by separation of the foot below the knee joint, one hundred seventy-five (175) weeks and of the leg above the knee joint two hundred twenty-five (225) weeks. The loss of more than one (1) phalange of a thumb or toes shall be considered as the loss of the entire thumb or toe. The loss of more than two (2) phalanges of a finger shall be considered as the loss of the entire finger. The loss of not more than one (1) phalange of a thumb or toe shall be considered as the loss of one-half (½) of the thumb or toe and compensation shall be paid for one-half (½) of the period for the loss of the entire thumb or toe. The loss of not more than one (1) phalange of a finger shall be considered as the loss of one-third (1/3) of the finger and compensation shall be paid for one-third (1/3) the period for the loss of the entire finger. The loss of more than one (1) phalange of the finger but not more than two (2) phalanges of the finger, shall be considered as the loss of one-half (½) of the finger and compensation shall be paid for one-half (½) of the period for the loss of the entire finger.

(2) For the loss by separation of both hands or both feet or the total sight of both eyes, or any two (2) such losses in the same accident, five hundred (500) weeks.

(3) For the permanent and complete loss of vision by enucleation or its reduction to one-tenth (1/10) of normal vision with glasses, one hundred seventy-five (175) weeks.

(4) For the permanent and complete loss of hearing in one (1) ear, seventy-five (75) weeks, and in both ears, two hundred (200) weeks.

(5) For the loss of one (1) testicle, fifty (50) weeks; for the loss of both testicles, one hundred fifty (150) weeks.

(b) With respect to injuries in the following schedule occurring prior to April 1, 1951, the employee shall receive in lieu of all other compensation on account of the injuries, a weekly compensation of fifty-five percent (55%) of the employee's average weekly wages. With respect to injuries in the following schedule occurring on and after April 1, 1951, and prior to April 1, 1955, the employee shall receive in lieu of all other compensation on account of the injuries a weekly compensation of sixty percent (60%) of the employee's average weekly wages. With respect to injuries in the following schedule occurring on and after April 1, 1955, and prior to July 1, 1971, the employee shall receive in addition to temporary total disability benefits not exceeding twenty-six (26) weeks on account of the injuries, a weekly compensation of sixty percent (60%) of the employee's average weekly wages. With respect to injuries in the following schedule occurring on and after July 1, 1971, and before July 1, 1977, the employee shall receive in addition to temporary total disability benefits not exceeding twenty-six (26) weeks on account of the injuries, a weekly compensation of sixty percent (60%) of the employee's average weekly wages, not to exceed one hundred dollars ($100) average weekly wages, for the period stated for such injuries respectively. With respect to injuries in the following schedule occurring on and after July 1, 1977, and before July 1, 1979, the employee shall receive, in addition to temporary total disability benefits not exceeding twenty-six (26) weeks on account of the injury, a weekly compensation of sixty percent (60%) of the employee's average weekly wages not to exceed one hundred twenty-five dollars ($125) average weekly wages, for the period stated for the injury. With respect to injuries in the following schedule occurring on and after July 1, 1979, and before July 1, 1988, the employee shall receive, in addition to temporary total disability benefits not exceeding fifty-two (52) weeks on account of the injury, a weekly compensation of sixty percent (60%) of the employee's average weekly wages not to exceed one hundred twenty-five dollars ($125) average weekly wages for the period stated for the injury. With respect to injuries in the following schedule occurring on and after July 1, 1988, and before July 1, 1989, the employee shall receive, in addition to temporary total disability benefits not exceeding seventy-eight (78) weeks on account of the injury, a weekly compensation of sixty percent (60%) of the employee's average weekly wages, not to exceed one hundred sixty-six dollars ($166) average weekly wages, for the period stated for the injury.

With respect to injuries in the following schedule occurring on and after July 1, 1989, and before July 1, 1990, the employee shall receive, in addition to temporary total disability benefits not exceeding seventy-eight (78) weeks on account of the injury, a weekly compensation of sixty percent (60%) of the employee's average weekly wages, not to exceed one hundred eighty-three dollars ($183) average weekly wages, for the period stated for the injury.

With respect to injuries in the following schedule occurring on and after July 1, 1990, and before July 1, 1991, the employee shall receive, in addition to temporary total disability benefits not exceeding seventy-eight (78) weeks on account of the injury, a weekly compensation of sixty percent (60%) of the employee's average weekly wages, not to exceed two hundred dollars ($200) average weekly wages, for the period stated for the injury.

(1) Loss of use: The total permanent loss of the use of an arm, hand, thumb, finger, leg, foot, toe, or phalange shall be considered as the equivalent of the loss by separation of the arm, hand, thumb, finger, leg, foot, toe, or phalange, and compensation shall be paid for the same period as for the loss thereof by separation.

(2) Partial loss of use: For the permanent partial loss of the use of an arm, hand, thumb, finger, leg, foot, toe, or phalange, compensation shall be paid for the proportionate loss of the use of such arm, hand, thumb, finger, leg, foot, toe, or phalange.

(3) For injuries resulting in total permanent disability, five hundred (500) weeks.

(4) For any permanent reduction of the sight of an eye less than a total loss as specified in subsection (a)(3), compensation shall be paid for a period proportionate to the degree of such permanent reduction without correction or glasses. However, when such permanent reduction without correction or glasses would result in one hundred percent (100%) loss of vision, but correction or glasses would result in restoration of vision, then in such event compensation shall be paid for fifty percent (50%) of such total loss of vision without glasses, plus an additional amount equal to the proportionate amount of such reduction with glasses, not to exceed an additional fifty percent (50%).

(5) For any permanent reduction of the hearing of one (1) or both ears, less than the total loss as specified in subsection (a)(4), compensation shall be paid for a period proportional to the degree of such permanent reduction.

(6) In all other cases of permanent partial impairment, compensation proportionate to the degree of such permanent partial impairment, in the discretion of the worker's compensation board, not exceeding five hundred (500) weeks.

(7) In all cases of permanent disfigurement which may impair the future usefulness or opportunities of the employee, compensation, in the discretion of the worker's compensation board, not exceeding two hundred (200) weeks, except that no compensation shall be payable under this subdivision where compensation is payable elsewhere in this section.

(c) With respect to injuries in the following schedule occurring on and after July 1, 1991, the employee shall receive in addition to temporary total disability benefits, not exceeding one hundred twenty-five (125) weeks on account of the injury, compensation in an amount determined under the following schedule to be paid weekly at a rate of sixty-six and two-thirds percent (66 2/3%) of the employee's average weekly wages during the fifty-two (52) weeks immediately preceding the week in which the injury occurred.

(1) Amputation: For the loss by separation of the thumb, twelve

(12) degrees of permanent impairment; of the index finger, eight (8) degrees of permanent impairment; of the second finger, seven (7) degrees of permanent impairment; of the third or ring finger, six (6) degrees of permanent impairment; of the fourth or little finger, four (4) degrees of permanent impairment; of the hand by separation below the elbow joint, forty (40) degrees of permanent impairment; of the arm above the elbow, fifty (50) degrees of permanent impairment; of the big toe, twelve (12) degrees of permanent impairment; of the second toe, six (6) degrees of permanent impairment; of the third toe, four (4) degrees of permanent impairment; of the fourth toe, three (3) degrees of permanent impairment; of the fifth or little toe, two (2) degrees of permanent impairment; by separation of the foot below the knee joint, thirty-five (35) degrees of permanent impairment; and of the leg above the knee joint, forty-five (45) degrees of permanent impairment.

(2) Amputations: For the loss by separation of any of the body parts described in subdivision (1) on or after July 1, 1997, and for the loss by separation of any of the body parts described in subdivision (3), (5), or (8), on or after July 1, 1999, the dollar values per degree applying on the date of the injury as described in subsection (d) shall be multiplied by two (2). However, the doubling provision of this subdivision does not apply to a loss of use that is not a loss by separation.

(3) The loss of more than one (1) phalange of a thumb or toe shall be considered as the loss of the entire thumb or toe. The loss of more than two (2) phalanges of a finger shall be considered as the loss of the entire finger. The loss of not more than one (1) phalange of a thumb or toe shall be considered as the loss of one-half (½) of the degrees of permanent impairment for the loss of the entire thumb or toe. The loss of not more than one (1) phalange of a finger shall be considered as the loss of one-third (1/3) of the finger and compensation shall be paid for one-third (1/3) of the degrees payable for the loss of the entire finger. The loss of more than one (1) phalange of the finger but not more than two (2) phalanges of the finger shall be considered as the loss of one-half (½) of the finger and compensation shall be paid for one-half (½) of the degrees payable for the loss of the entire finger.

(4) For the loss by separation of both hands or both feet or the total sight of both eyes or any two (2) such losses in the same accident, one hundred (100) degrees of permanent impairment.

(5) For the permanent and complete loss of vision by enucleation, thirty-five (35) degrees of permanent impairment.

(6) For the reduction of vision to one-tenth (1/10) of normal vision with glasses, thirty-five (35) degrees of permanent impairment.

(7) For the permanent and complete loss of hearing in one (1) ear, fifteen (15) degrees of permanent impairment, and in both ears, forty (40) degrees of permanent impairment.

(8) For the loss of one (1) testicle, ten (10) degrees of permanent impairment; for the loss of both testicles, thirty (30) degrees of permanent impairment.

(9) Loss of use: The total permanent loss of the use of an arm, a hand, a thumb, a finger, a leg, a foot, a toe, or a phalange shall be considered as the equivalent of the loss by separation of the arm, hand, thumb, finger, leg, foot, toe, or phalange, and compensation shall be paid in the same amount as for the loss by separation. However, the doubling provision of subdivision (2) does not apply to a loss of use that is not a loss by separation.

(10) Partial loss of use: For the permanent partial loss of the use of an arm, a hand, a thumb, a finger, a leg, a foot, a toe, or a phalange, compensation shall be paid for the proportionate loss of the use of the arm, hand, thumb, finger, leg, foot, toe, or phalange.

(11) For injuries resulting in total permanent disability, the amount payable for impairment or five hundred (500) weeks of compensation, whichever is greater.

(12) For any permanent reduction of the sight of an eye less than a total loss as specified in subsection (a)(3), the compensation shall be paid in an amount proportionate to the degree of a permanent reduction without correction or glasses. However, when a permanent reduction without correction or glasses would result in one hundred percent (100%) loss of vision, then compensation shall be paid for fifty percent (50%) of the total loss of vision without glasses, plus an additional amount equal to the proportionate amount of the reduction with glasses, not to exceed an additional fifty percent (50%).

(13) For any permanent reduction of the hearing of one (1) or both ears, less than the total loss as specified in subsection (a)(4), compensation shall be paid in an amount proportionate to the degree of a permanent reduction.

(14) In all other cases of permanent partial impairment, compensation proportionate to the degree of a permanent partial impairment, in the discretion of the worker's compensation board, not exceeding one hundred (100) degrees of permanent impairment.

(15) In all cases of permanent disfigurement which may impair the future usefulness or opportunities of the employee, compensation, in the discretion of the worker's compensation board, not exceeding forty (40) degrees of permanent impairment except that no compensation shall be payable under this subdivision where compensation is payable elsewhere in this section.

(d) Compensation for permanent partial impairment shall be paid according to the degree of permanent impairment for the injury determined under subsection (c) and the following:

(1) With respect to injuries occurring on and after July 1, 1991, and before July 1, 1992, for each degree of permanent impairment from one (1) to thirty-five (35), five hundred dollars ($500) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), nine hundred dollars ($900) per degree; for each degree of permanent impairment above fifty (50), one thousand five hundred dollars ($1,500) per degree.

(2) With respect to injuries occurring on and after July 1, 1992, and before July 1, 1993, for each degree of permanent impairment from one (1) to twenty (20), five hundred dollars ($500) per degree; for each degree of permanent impairment from twenty-one (21) to thirty-five (35), eight hundred dollars ($800) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), one thousand three hundred dollars ($1,300) per degree; for each degree of permanent impairment above fifty (50), one thousand seven hundred dollars ($1,700) per degree.

(3) With respect to injuries occurring on and after July 1, 1993, and before July 1, 1997, for each degree of permanent impairment from one (1) to ten (10), five hundred dollars ($500) per degree; for each degree of permanent impairment from eleven (11) to twenty (20), seven hundred dollars ($700) per degree; for each degree of permanent impairment from twenty-one (21) to thirty-five (35), one thousand dollars ($1,000) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), one thousand four hundred dollars ($1,400) per degree; for each degree of permanent impairment above fifty (50), one thousand seven hundred dollars ($1,700) per degree.

(4) With respect to injuries occurring on and after July 1, 1997, and before July 1, 1998, for each degree of permanent impairment from one (1) to ten (10), seven hundred fifty dollars ($750) per degree; for each degree of permanent impairment from eleven (11) to thirty-five (35), one thousand dollars ($1,000) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), one thousand four hundred dollars ($1,400) per degree; for each degree of permanent impairment above fifty (50), one thousand seven hundred dollars ($1,700) per degree.

(5) With respect to injuries occurring on and after July 1, 1998, and before July 1, 1999, for each degree of permanent impairment from one (1) to ten (10), seven hundred fifty dollars ($750) per degree; for each degree of permanent impairment from eleven (11) to thirty-five (35), one thousand dollars ($1,000) per degree; for each degree of permanent impairment

from thirty-six (36) to fifty (50), one thousand four hundred dollars ($1,400) per degree; for each degree of permanent impairment above fifty (50), one thousand seven hundred dollars ($1,700) per degree.

(6) With respect to injuries occurring on and after July 1, 1999, and before July 1, 2000, for each degree of permanent impairment from one (1) to ten (10), nine hundred dollars ($900) per degree; for each degree of permanent impairment from eleven (11) to thirty-five (35), one thousand one hundred dollars ($1,100) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), one thousand six hundred dollars ($1,600) per degree; for each degree of permanent impairment above fifty (50), two thousand dollars ($2,000) per degree.

(7) With respect to injuries occurring on and after July 1, 2000, and before July 1, 2001, for each degree of permanent impairment from one (1) to ten (10), one thousand one hundred dollars ($1,100) per degree; for each degree of permanent impairment from eleven (11) to thirty-five (35), one thousand three hundred dollars ($1,300) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), two thousand dollars ($2,000) per degree; for each degree of permanent impairment above fifty (50), two thousand five hundred fifty dollars ($2,500) per degree.

(8) With respect to injuries occurring on and after July 1, 2001, **and before July 1, 2002,** for each degree of permanent impairment from one (1) to ten (10), one thousand three hundred dollars ($1,300) per degree; for each degree of permanent impairment from eleven (11) to thirty-five (35), one thousand five hundred dollars ($1,500) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), two thousand four hundred dollars ($2,400) per degree; for each degree of permanent impairment above fifty (50), three thousand dollars ($3,000) per degree.

(9) With respect to injuries occurring on and after July 1, 2002, and before July 1, 2003, for each degree of permanent impairment from one (1) to ten (10), two thousand fifty dollars ($2,050) per degree; for each degree of permanent impairment from eleven (11) to thirty-five (35), two thousand seven hundred dollars ($2,700) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), three thousand three hundred dollars ($3,300) per degree; for each degree of permanent impairment above fifty (50), three thousand nine hundred dollars ($3,900) per degree.

(10) With respect to injuries occurring on and after July 1, 2003, for each degree of permanent impairment from one (1) to ten (10), two thousand four hundred dollars ($2,400) per degree; for each degree of permanent impairment from eleven (11) to thirty-five (35), three thousand seventy-five dollars ($3,075) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), three thousand seven hundred seventy-five dollars ($3,775) per degree; for each degree of permanent impairment above fifty (50), four thousand five hundred twenty-five dollars ($4,525) per degree.

(e) The average weekly wages used in the determination of compensation for permanent partial impairment under subsections (c) and (d) shall not exceed the following:

(1) With respect to injuries occurring on or after July 1, 1991, and before July 1, 1992, four hundred ninety-two dollars ($492).

(2) With respect to injuries occurring on or after July 1, 1992, and before July 1, 1993, five hundred forty dollars ($540).

(3) With respect to injuries occurring on or after July 1, 1993, and before July 1, 1994, five hundred ninety-one dollars ($591).

(4) With respect to injuries occurring on or after July 1, 1994, and before July 1, 1997, six hundred forty-two dollars ($642).

(5) With respect to injuries occurring on or after July 1, 1997, and before July 1, 1998, six hundred seventy-two dollars ($672).

(6) With respect to injuries occurring on or after July 1, 1998, and before July 1, 1999, seven hundred two dollars ($702).

(7) With respect to injuries occurring on or after July 1, 1999, and before July 1, 2000, seven hundred thirty-two dollars ($732).

(8) With respect to injuries occurring on or after July 1, 2000, and before July 1, 2001, seven hundred sixty-two dollars ($762).

(9) With respect to injuries occurring on or after July 1, 2001, and before July 1, 2002, eight hundred twenty-two dollars ($822).

(10) With respect to injuries occurring on or after July 1, 2002, **and before July 1, 2003,** eight hundred eighty-two dollars ($882).

(11) With respect to injuries occurring on or after July 1, 2003, nine hundred forty-two dollars ($942).

SECTION 4. IC 22-3-3-22, AS AMENDED BY P.L.31-2000, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 22. (a) In computing the compensation under this law with respect to injuries occurring on and after April 1, 1963, and prior to April 1, 1965, the average weekly wages shall be considered to be not more than seventy dollars ($70) nor less than thirty dollars ($30). In computing the compensation under this law with respect to injuries occurring on and after April 1, 1965, and prior to April 1, 1967, the average weekly wages shall be considered to be not more than seventy-five dollars ($75) and not less than thirty dollars ($30). In computing the compensation under this law with respect to injuries occurring on and after April 1, 1967, and prior to April 1, 1969, the average weekly wages shall be considered to be not more than eighty-five dollars ($85) and not less than thirty-five dollars ($35). In computing the compensation under this law with respect to injuries occurring on and after April 1, 1969, and prior to July 1, 1971, the average weekly wages shall be considered to be not more than ninety-five dollars ($95) and not less than thirty-five dollars ($35). In computing the compensation under this law with respect to injuries occurring on and after July 1, 1971, and prior to July 1, 1974, the average weekly wages shall be considered to be: (A) Not more than: (1) one hundred dollars ($100) if no dependents; (2) one hundred five dollars ($105) if one (1) dependent; (3) one hundred ten dollars ($110) if two (2) dependents; (4) one hundred fifteen dollars ($115) if three (3) dependents; (5) one hundred twenty dollars ($120) if four (4) dependents; and (6) one hundred twenty-five dollars ($125) if five (5) or more dependents; and (B) Not less than thirty-five dollars ($35). In computing compensation for temporary total disability, temporary partial disability, and total permanent disability under this law with respect to injuries occurring on and after July 1, 1974, and before July 1, 1976, the average weekly wages shall be considered to be (A) not more than one hundred thirty-five dollars ($135), and (B) not less than seventy-five dollars ($75). However, the weekly compensation payable shall in no case exceed the average weekly wages of the employee at the time of the injury. In computing compensation for temporary total disability, temporary partial disability and total permanent disability under this law with respect to injuries occurring on and after July 1, 1976, and before July 1, 1977, the average weekly wages shall be considered to be (1) not more than one hundred fifty-six dollars ($156) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury. In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1977, and before July 1, 1979, the average weekly wages are considered to be (1) not more than one hundred eighty dollars ($180); and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable may not exceed the average weekly wages of the employee at the time of the injury. In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1979, and before July 1, 1980, the average weekly wages are considered to be (1) not more than one hundred ninety-five dollars ($195), and (2) not less than seventy-five dollars ($75). However, the weekly

compensation payable shall not exceed the average weekly wages of the employee at the time of the injury. In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1980, and before July 1, 1983, the average weekly wages are considered to be (1) not more than two hundred ten dollars ($210), and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury. In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1983, and before July 1, 1984, the average weekly wages are considered to be (1) not more than two hundred thirty-four dollars ($234) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury. In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1984, and before July 1, 1985, the average weekly wages are considered to be (1) not more than two hundred forty-nine dollars ($249) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury. In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1985, and before July 1, 1986, the average weekly wages are considered to be (1) not more than two hundred sixty-seven dollars ($267) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury. In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1986, and before July 1, 1988, the average weekly wages are considered to be (1) not more than two hundred eighty-five dollars ($285) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury. In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1988, and before July 1, 1989, the average weekly wages are considered to be (1) not more than three hundred eighty-four dollars ($384) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury.

In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1989, and before July 1, 1990, the average weekly wages are considered to be (1) not more than four hundred eleven dollars ($411) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury.

In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1990, and before July 1, 1991, the average weekly wages are considered to be (1) not more than four hundred forty-one dollars ($441) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury.

In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1991, and before July 1, 1992, the average weekly wages are considered to be (1) not more than four hundred ninety-two dollars ($492) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury.

In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1992, and before July 1, 1993, the average weekly wages are considered to be (1) not more than five hundred forty dollars ($540) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury.

In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1993, and before July 1, 1994, the average weekly wages are considered to be (1) not more than five hundred ninety-one dollars ($591) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury.

In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to injuries occurring on and after July 1, 1994, and before July 1, 1997, the average weekly wages are considered to be (1) not more than six hundred forty-two dollars ($642) and (2) not less than seventy-five dollars ($75). However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury.

(b) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, the average weekly wages are considered to be:

(1) with respect to injuries occurring on and after July 1, 1997, and before July 1, 1998:

(A) not more than six hundred seventy-two dollars ($672); and

(B) not less than seventy-five dollars ($75);

(2) with respect to injuries occurring on and after July 1, 1998, and before July 1, 1999:

(A) not more than seven hundred two dollars ($702); and

(B) not less than seventy-five dollars ($75);

(3) with respect to injuries occurring on and after July 1, 1999, and before July 1, 2000:

(A) not more than seven hundred thirty-two dollars ($732); and

(B) not less than seventy-five dollars ($75);

(4) with respect to injuries occurring on and after July 1, 2000, and before July 1, 2001:

(A) not more than seven hundred sixty-two dollars ($762); and

(B) not less than seventy-five dollars ($75);

(5) with respect to injuries occurring on and after July 1, 2001, and before July 1, 2002:

(A) not more than eight hundred twenty-two dollars ($822); and

(B) not less than seventy-five dollars ($75); ~~and~~

(6) with respect to injuries occurring on and after July 1, 2002, **and before July 1, 2003:**

(A) not more than eight hundred eighty-two dollars ($882); and

(B) not less than seventy-five dollars ($75); **and**

(7) with respect to injuries occurring on and after July 1, 2003:

(A) not more than nine hundred forty-two dollars ($942); and

(B) not less than seventy-five dollars ($75).

However, the weekly compensation payable shall not exceed the average weekly wages of the employee at the time of the injury.

(c) For the purpose of this section only and with respect to injuries occurring on and after July 1, 1971, and prior to July 1, 1974, only, the term "dependent" as used in this section shall mean persons defined as presumptive dependents under section 19 of this chapter, except that such dependency shall be determined as of the date of the injury to the employee.

(d) With respect to any injury occurring on and after April 1, 1955, and prior to April 1, 1957, the maximum compensation exclusive of medical benefits, which shall be paid for an injury under any provisions of this law or under any combination of its provisions shall not exceed twelve thousand five hundred dollars ($12,500) in any case. With respect to any injury occurring on and after April 1,

1957 and prior to April 1, 1963, the maximum compensation exclusive of medical benefits, which shall be paid for an injury under any provision of this law or under any combination of its provisions shall not exceed fifteen thousand dollars ($15,000) in any case. With respect to any injury occurring on and after April 1, 1963, and prior to April 1, 1965, the maximum compensation exclusive of medical benefits, which shall be paid for an injury under any provision of this law or under any combination of its provisions shall not exceed sixteen thousand five hundred dollars ($16,500) in any case. With respect to any injury occurring on and after April 1, 1965, and prior to April 1, 1967, the maximum compensation exclusive of medical benefits which shall be paid for any injury under any provision of this law or any combination of provisions shall not exceed twenty thousand dollars ($20,000) in any case. With respect to any injury occurring on and after April 1, 1967, and prior to July 1, 1971, the maximum compensation exclusive of medical benefits which shall be paid for an injury under any provision of this law or any combination of provisions shall not exceed twenty-five thousand dollars ($25,000) in any case. With respect to any injury occurring on and after July 1, 1971, and prior to July 1, 1974, the maximum compensation exclusive of medical benefits which shall be paid for any injury under any provision of this law or any combination of provisions shall not exceed thirty thousand dollars ($30,000) in any case. With respect to any injury occurring on and after July 1, 1974, and before July 1, 1976, the maximum compensation exclusive of medical benefits which shall be paid for an injury under any provision of this law or any combination of provisions shall not exceed forty-five thousand dollars ($45,000) in any case. With respect to an injury occurring on and after July 1, 1976, and before July 1, 1977, the maximum compensation, exclusive of medical benefits, which shall be paid for any injury under any provision of this law or any combination of provisions shall not exceed fifty-two thousand dollars ($52,000) in any case. With respect to any injury occurring on and after July 1, 1977, and before July 1, 1979, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provision of this law or any combination of provisions may not exceed sixty thousand dollars ($60,000) in any case. With respect to any injury occurring on and after July 1, 1979, and before July 1, 1980, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed sixty-five thousand dollars ($65,000) in any case. With respect to any injury occurring on and after July 1, 1980, and before July 1, 1983, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed seventy thousand dollars ($70,000) in any case. With respect to any injury occurring on and after July 1, 1983, and before July 1, 1984, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed seventy-eight thousand dollars ($78,000) in any case. With respect to any injury occurring on and after July 1, 1984, and before July 1, 1985, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed eighty-three thousand dollars ($83,000) in any case. With respect to any injury occurring on and after July 1, 1985, and before July 1, 1986, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed eighty-nine thousand dollars ($89,000) in any case. With respect to any injury occurring on and after July 1, 1986, and before July 1, 1988, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed ninety-five thousand dollars ($95,000) in any case. With respect to any injury occurring on and after July 1, 1988, and before July 1, 1989, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed one hundred twenty-eight thousand dollars ($128,000) in any case.

With respect to any injury occurring on and after July 1, 1989, and before July 1, 1990, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed one hundred thirty-seven thousand dollars ($137,000) in any case.

With respect to any injury occurring on and after July 1, 1990, and before July 1, 1991, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed one hundred forty-seven thousand dollars ($147,000) in any case.

With respect to any injury occurring on and after July 1, 1991, and before July 1, 1992, the maximum compensation, exclusive of medical benefits, that may be paid for an injury under any provisions of this law or any combination of provisions may not exceed one hundred sixty-four thousand dollars ($164,000) in any case.

With respect to any injury occurring on and after July 1, 1992, and before July 1, 1993, the maximum compensation, exclusive of medical benefits, that may be paid for an injury under any provisions of this law or any combination of provisions may not exceed one hundred eighty thousand dollars ($180,000) in any case.

With respect to any injury occurring on and after July 1, 1993, and before July 1, 1994, the maximum compensation, exclusive of medical benefits, that may be paid for an injury under any provisions of this law or any combination of provisions may not exceed one hundred ninety-seven thousand dollars ($197,000) in any case.

With respect to any injury occurring on and after July 1, 1994, and before July 1, 1997, the maximum compensation, exclusive of medical benefits, which may be paid for an injury under any provisions of this law or any combination of provisions may not exceed two hundred fourteen thousand dollars ($214,000) in any case.

(e) The maximum compensation, exclusive of medical benefits, that may be paid for an injury under any provision of this law or any combination of provisions may not exceed the following amounts in any case:

(1) With respect to an injury occurring on and after July 1, 1997, and before July 1, 1998, two hundred twenty-four thousand dollars ($224,000).

(2) With respect to an injury occurring on and after July 1, 1998, and before July 1, 1999, two hundred thirty-four thousand dollars ($234,000).

(3) With respect to an injury occurring on and after July 1, 1999, and before July 1, 2000, two hundred forty-four thousand dollars ($244,000).

(4) With respect to an injury occurring on and after July 1, 2000, and before July 1, 2001, two hundred fifty-four thousand dollars ($254,000).

(5) With respect to an injury occurring on and after July 1, 2001, and before July 1, 2002, two hundred seventy-four thousand dollars ($274,000).

(6) With respect to an injury occurring on and after July 1, 2002, two hundred ninety-four thousand dollars ($294,000).".

Page 16, line 11, after "2001," insert "**and before July 1, 2002,**".

Page 16, between lines 18 and 19, begin a new line block indented and insert:

"**(9) With respect to disablements occurring on and after July 1, 2002, and before July 1, 2003, for each degree of permanent impairment from one (1) to ten (10), two thousand fifty dollars ($2,050) per degree; for each degree of permanent impairment from eleven (11) to thirty-five (35), two thousand seven hundred dollars ($2,700) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), three thousand three hundred dollars ($3,300) per degree; for each degree of permanent impairment above fifty (50), three thousand nine hundred dollars ($3,900) per degree.**

(10) With respect to disablements occurring on and after July 1, 2003, for each degree of permanent impairment from one (1) to ten (10), two thousand four hundred dollars ($2,400) per degree; for each degree of permanent impairment from eleven (11) to thirty-five (35), three

thousand seventy-five dollars ($3,075) per degree; for each degree of permanent impairment from thirty-six (36) to fifty (50), three thousand seven hundred seventy-five dollars ($3,775) per degree; for each degree of permanent impairment above fifty (50), four thousand five hundred twenty-five dollars ($4,525) per degree. ".

Page 17, line 2, strike "injuries" and insert "**disablements**".

Page 17, line 4, strike "injuries" and insert "**disablements**".

Page 17, line 4, after "2002," insert "**and before July 1, 2003,**".

Page 17, between lines 5 and 6, begin a new line block indented and insert:

"**(11) With respect to disablements occurring on or after July 1, 2003, nine hundred forty-two dollars ($942).**".

Page 23, between lines 24 and 25, begin a new paragraph and insert:

"SECTION 10. IC 22-3-7-19, AS AMENDED BY P.L.31-2000, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 19. (a) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability under this law with respect to occupational diseases occurring:

(1) on and after July 1, 1974, and before July 1, 1976, the average weekly wages shall be considered to be:
(A) not more than one hundred thirty-five dollars ($135); and
(B) not less than seventy-five dollars ($75);

(2) on and after July 1, 1976, and before July 1, 1977, the average weekly wages shall be considered to be:
(A) not more than one hundred fifty-six dollars ($156); and
(B) not less than seventy-five dollars ($75);

(3) on and after July 1, 1977, and before July 1, 1979, the average weekly wages are considered to be:
(A) not more than one hundred eighty dollars ($180); and
(B) not less than seventy-five dollars ($75);

(4) on and after July 1, 1979, and before July 1, 1980, the average weekly wages are considered to be:
(A) not more than one hundred ninety-five dollars ($195); and
(B) not less than seventy-five dollars ($75);

(5) on and after July 1, 1980, and before July 1, 1983, the average weekly wages are considered to be:
(A) not more than two hundred ten dollars ($210); and
(B) not less than seventy-five dollars ($75);

(6) on and after July 1, 1983, and before July 1, 1984, the average weekly wages are considered to be:
(A) not more than two hundred thirty-four dollars ($234); and
(B) not less than seventy-five dollars ($75); and

(7) on and after July 1, 1984, and before July 1, 1985, the average weekly wages are considered to be:
(A) not more than two hundred forty-nine dollars ($249); and
(B) not less than seventy-five dollars ($75).

(b) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to occupational diseases occurring on and after July 1, 1985, and before July 1, 1986, the average weekly wages are considered to be:

(1) not more than two hundred sixty-seven dollars ($267); and
(2) not less than seventy-five dollars ($75).

(c) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to occupational diseases occurring on and after July 1, 1986, and before July 1, 1988, the average weekly wages are considered to be:

(1) not more than two hundred eighty-five dollars ($285); and
(2) not less than seventy-five dollars ($75).

(d) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to occupational diseases occurring on and after July 1, 1988, and before July 1, 1989, the average weekly wages are considered to be:

(1) not more than three hundred eighty-four dollars ($384); and
(2) not less than seventy-five dollars ($75).

(e) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to occupational diseases occurring on and after July 1, 1989, and before July 1, 1990, the average weekly wages are considered to be:

(1) not more than four hundred eleven dollars ($411); and
(2) not less than seventy-five dollars ($75).

(f) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to occupational diseases occurring on and after July 1, 1990, and before July 1, 1991, the average weekly wages are considered to be:

(1) not more than four hundred forty-one dollars ($441); and
(2) not less than seventy-five dollars ($75).

(g) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to occupational diseases occurring on and after July 1, 1991, and before July 1, 1992, the average weekly wages are considered to be:

(1) not more than four hundred ninety-two dollars ($492); and
(2) not less than seventy-five dollars ($75).

(h) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to occupational diseases occurring on and after July 1, 1992, and before July 1, 1993, the average weekly wages are considered to be:

(1) not more than five hundred forty dollars ($540); and
(2) not less than seventy-five dollars ($75).

(i) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, with respect to occupational diseases occurring on and after July 1, 1993, and before July 1, 1994, the average weekly wages are considered to be:

(1) not more than five hundred ninety-one dollars ($591); and
(2) not less than seventy-five dollars ($75).

(j) In computing compensation for temporary total disability, temporary partial disability and total permanent disability, with respect to occupational diseases occurring on and after July 1, 1994, and before July 1, 1997, the average weekly wages are considered to be:

(1) not more than six hundred forty-two dollars ($642); and
(2) not less than seventy-five dollars ($75).

(k) In computing compensation for temporary total disability, temporary partial disability, and total permanent disability, the average weekly wages are considered to be:

(1) with respect to occupational diseases occurring on and after July 1, 1997, and before July 1, 1998:
(A) not more than six hundred seventy-two dollars ($672); and
(B) not less than seventy-five dollars ($75);

(2) with respect to occupational diseases occurring on and after July 1, 1998, and before July 1, 1999:
(A) not more than seven hundred two dollars ($702); and
(B) not less than seventy-five dollars ($75);

(3) with respect to occupational diseases occurring on and after July 1, 1999, and before July 1, 2000:
(A) not more than seven hundred thirty-two dollars ($732); and
(B) not less than seventy-five dollars ($75);

(4) with respect to occupational diseases occurring on and after July 1, 2000, and before July 1, 2001:
(A) not more than seven hundred sixty-two dollars ($762); and
(B) not less than seventy-five dollars ($75);

(5) with respect to ~~disablements~~ **occupational diseases** occurring on and after July 1, 2001, and before July 1, 2002:
(A) not more than eight hundred twenty-two dollars ($822); and
(B) not less than seventy-five dollars ($75); ~~and~~

(6) with respect to ~~disablements~~ **occupational diseases**

occurring on and after July 1, 2002, **and before July 1, 2003:**

(A) not more than eight hundred eighty-two dollars ($882); and

(B) not less than seventy-five dollars ($75); **and**

(7) with respect to occupational diseases occurring on and after July 1, 2003:

(A) not more than nine hundred forty-two dollars ($942); and

(B) not less than seventy-five dollars ($75).

(l) The maximum compensation that shall be paid for occupational disease and its results under any one (1) or more provisions of this chapter with respect to disability or death occurring:

(1) on and after July 1, 1974, and before July 1, 1976, shall not exceed forty-five thousand dollars ($45,000) in any case;

(2) on and after July 1, 1976, and before July 1, 1977, shall not exceed fifty-two thousand dollars ($52,000) in any case;

(3) on and after July 1, 1977, and before July 1, 1979, may not exceed sixty thousand dollars ($60,000) in any case;

(4) on and after July 1, 1979, and before July 1, 1980, may not exceed sixty-five thousand dollars ($65,000) in any case;

(5) on and after July 1, 1980, and before July 1, 1983, may not exceed seventy thousand dollars ($70,000) in any case;

(6) on and after July 1, 1983, and before July 1, 1984, may not exceed seventy-eight thousand dollars ($78,000) in any case; and

(7) on and after July 1, 1984, and before July 1, 1985, may not exceed eighty-three thousand dollars ($83,000) in any case.

(m) The maximum compensation with respect to disability or death occurring on and after July 1, 1985, and before July 1, 1986, which shall be paid for occupational disease and the results thereof under the provisions of this chapter or under any combination of its provisions may not exceed eighty-nine thousand dollars ($89,000) in any case. The maximum compensation with respect to disability or death occurring on and after July 1, 1986, and before July 1, 1988, which shall be paid for occupational disease and the results thereof under the provisions of this chapter or under any combination of its provisions may not exceed ninety-five thousand dollars ($95,000) in any case. The maximum compensation with respect to disability or death occurring on and after July 1, 1988, and before July 1, 1989, that shall be paid for occupational disease and the results thereof under this chapter or under any combination of its provisions may not exceed one hundred twenty-eight thousand dollars ($128,000) in any case.

(n) The maximum compensation with respect to disability or death occurring on and after July 1, 1989, and before July 1, 1990, that shall be paid for occupational disease and the results thereof under this chapter or under any combination of its provisions may not exceed one hundred thirty-seven thousand dollars ($137,000) in any case.

(o) The maximum compensation with respect to disability or death occurring on and after July 1, 1990, and before July 1, 1991, that shall be paid for occupational disease and the results thereof under this chapter or under any combination of its provisions may not exceed one hundred forty-seven thousand dollars ($147,000) in any case.

(p) The maximum compensation with respect to disability or death occurring on and after July 1, 1991, and before July 1, 1992, that shall be paid for occupational disease and the results thereof under this chapter or under any combination of the provisions of this chapter may not exceed one hundred sixty-four thousand dollars ($164,000) in any case.

(q) The maximum compensation with respect to disability or death occurring on and after July 1, 1992, and before July 1, 1993, that shall be paid for occupational disease and the results thereof under this chapter or under any combination of the provisions of this chapter may not exceed one hundred eighty thousand dollars ($180,000) in any case.

(r) The maximum compensation with respect to disability or death occurring on and after July 1, 1993, and before July 1, 1994, that shall be paid for occupational disease and the results thereof under this chapter or under any combination of the provisions of this chapter may not exceed one hundred ninety-seven thousand dollars ($197,000) in any case.

(s) The maximum compensation with respect to disability or death occurring on and after July 1, 1994, and before July 1, 1997, that shall be paid for occupational disease and the results thereof under this chapter or under any combination of the provisions of this chapter may not exceed two hundred fourteen thousand dollars ($214,000) in any case.

(t) The maximum compensation that shall be paid for occupational disease and the results of an occupational disease under this chapter or under any combination of the provisions of this chapter may not exceed the following amounts in any case:

(1) With respect to disability or death occurring on and after July 1, 1997, and before July 1, 1998, two hundred twenty-four thousand dollars ($224,000).

(2) With respect to disability or death occurring on and after July 1, 1998, and before July 1, 1999, two hundred thirty-four thousand dollars ($234,000).

(3) With respect to disability or death occurring on and after July 1, 1999, and before July 1, 2000, two hundred forty-four thousand dollars ($244,000).

(4) With respect to disability or death occurring on and after July 1, 2000, and before July 1, 2001, two hundred fifty-four thousand dollars ($254,000).

(5) With respect to disability or death occurring on and after July 1, 2001, and before July 1, 2002, two hundred seventy-four thousand dollars ($274,000).

(6) With respect to disability or death occurring on and after July 1, 2002, two hundred ninety-four thousand dollars ($294,000).

(u) For all disabilities occurring before July 1, 1985, "average weekly wages" shall mean the earnings of the injured employee in the employment in which the employee was working at the time of the last exposure during the period of fifty-two (52) weeks immediately preceding the last day of the last exposure divided by fifty-two (52). If the employee lost seven (7) or more calendar days during the period, although not in the same week, then the earnings for the remainder of the fifty-two (52) weeks shall be divided by the number of weeks and parts thereof remaining after the time lost has been deducted. Where the employment prior to the last day of the last exposure extended over a period of less than fifty-two (52) weeks, the method of dividing the earnings during that period by the number of weeks and parts thereof during which the employee earned wages shall be followed if results just and fair to both parties will be obtained. Where by reason of the shortness of the time during which the employee has been in the employment of the employer or of the casual nature or terms of the employment it is impracticable to compute the average weekly wages as above defined, regard shall be had to the average weekly amount which, during the fifty-two (52) weeks previous to the last day of the last exposure, was being earned by a person in the same grade employed at the same work by the same employer, or if there is no person so employed, by a person in the same grade employed in that same class of employment in the same district. Whenever allowances of any character are made to an employee in lieu of wages or a specified part of the wage contract, they shall be deemed a part of the employee's earnings.

(v) For all disabilities occurring on and after July 1, 1985, "average weekly wages" means the earnings of the injured employee during the period of fifty-two (52) weeks immediately preceding the disability divided by fifty-two (52). If the employee lost seven (7) or more calendar days during the period, although not in the same week, then the earnings for the remainder of the fifty-two (52) weeks shall be divided by the number of weeks and parts of weeks remaining after the time lost has been deducted. If employment before the date of disability extended over a period of less than fifty-two (52) weeks, the method of dividing the earnings during that period by the number of weeks and parts of weeks during which the employee earned wages shall be followed if results just and fair to both parties will be obtained. If by reason of the shortness of the time during which the employee has been in the employment of the employer or of the casual nature or terms of the employment it is impracticable to compute the average weekly wages for the employee, the employee's average weekly wages shall be considered to be the average weekly

amount that, during the fifty-two (52) weeks before the date of disability, was being earned by a person in the same grade employed at the same work by the same employer or, if there is no person so employed, by a person in the same grade employed in that same class of employment in the same district. Whenever allowances of any character are made to an employee instead of wages or a specified part of the wage contract, they shall be considered a part of the employee's earnings.

(w) The provisions of this article may not be construed to result in an award of benefits in which the number of weeks paid or to be paid for temporary total disability, temporary partial disability, or permanent total disability benefits combined exceeds five hundred (500) weeks. This section shall not be construed to prevent a person from applying for an award under IC 22-3-3-13. However, in case of permanent total disability resulting from a disablement occurring on or after January 1, 1998, the minimum total benefit shall not be less than seventy-five thousand dollars ($75,000).".

Page 27, between lines 32 and 33, begin a new paragraph and insert:

"SECTION 13. IC 22-4-2-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. **(a) Except as provided in subsections (b) and (c),** "base period" means the first four (4) of the last five (5) completed calendar quarters immediately preceding the first day of an individual's benefit period. ~~Provided,~~ However, ~~That~~ for a claim computed in accordance with IC ~~1971,~~ 22-4-22, the base period shall be the base period as outlined in the paying state's law.

(b) Effective July 1, 2002, "base period"also includes, in the case of an individual who does not have sufficient wages in the base period as set forth in subsection (a), the last four (4) completed calendar quarters immediately preceding the first day of the benefit year of the individual if the period qualifies the individual for benefits under this chapter. Wages that fall within the base period of claims established under this subsection are not available for reuse in qualifying for a subsequent benefit year.

(c) In the case of a combined wage claim under an arrangement approved by the United States Secretary of Labor, the base period is the period applicable under the unemployment compensation law of the paying state.

(d) The department shall adopt rules under IC 4-22-2 to obtain wage information if wage information for the most recent quarter of the base period as set forth under subsection (b) is not available to the department from regular quarterly reports of wage information that is systemically accessible.

SECTION 14. IC 22-4-2-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12.5. **(a)** Notwithstanding section 12 of this chapter, for an individual who during the "base period" as defined in that section has received worker's compensation benefits under IC 22-3-3 for a period of fifty-two (52) weeks or less, and as a result has not earned sufficient wage credits to meet the requirements of IC 22-4-14-5, "base period" means the first four (4) of the last five (5) completed calendar quarters immediately preceding the last day that the individual was able to work, as a result of the individual's injury.

(b) The provisions of section 12(b), 12(c), and 12(d) of this chapter apply beginning July 1, 2002.

SECTION 15. IC 22-4-2-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 22. "Valid claim" means a claim filed by an individual who has established qualifying wage credits and who is totally, partially, or part-totally unemployed; Provided, no individual in a benefit period may file a valid claim for ~~a waiting period or~~ benefit period rights with respect to any period subsequent to the expiration of such benefit period.

SECTION 16. IC 22-4-2-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 29. "Insured unemployment" means unemployment during a given week for which waiting period credit or benefits, **if applicable,** are claimed under the state employment security program, the unemployment compensation for federal employees program, the unemployment compensation for veterans program, or the railroad unemployment insurance program.

SECTION 17. IC 22-4-4-3, AS AMENDED BY P.L.30-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) For calendar quarters beginning on and after April 1, 1979, and before April 1, 1984, "wage credits" means remuneration paid for employment by an employer to an individual. Wage credits may not exceed three thousand six hundred sixty-six dollars ($3,666) and may not include payments specified in section 2(b) of this chapter.

(b) For calendar quarters beginning on and after April 1, 1984, and before April 1, 1985, "wage credits" means remuneration paid for employment by an employer to an individual. Wage credits may not exceed three thousand nine hundred twenty-six dollars ($3,926) and may not include payments specified in section 2(b) of this chapter.

(c) For calendar quarters beginning on and after April 1, 1985, and before January 1, 1991, "wage credits" means remuneration paid for employment by an employer to an individual. Wage credits may not exceed four thousand one hundred eighty-six dollars ($4,186) and may not include payments specified in section 2(b) of this chapter.

(d) For calendar quarters beginning on and after January 1, 1991, and before July 1, 1995, "wage credits" means remuneration paid for employment by an employer to an individual. Wage credits may not exceed four thousand eight hundred ten dollars ($4,810) and may not include payments specified in section 2(b) of this chapter.

(e) For calendar quarters beginning on and after July 1, 1995, and before July 1, 1997, "wage credits" means remuneration paid for employment by an employer to an individual and remuneration received as tips or gratuities in accordance with Sections 3102 and 3301 et seq. of the Internal Revenue Code. Wage credits may not exceed five thousand dollars ($5,000) and may not include payments specified in section 2(b) of this chapter.

(f) For calendar quarters beginning on and after July 1, 1997, and before July 1, 1998, "wage credits" means remuneration paid for employment by an employer to an individual and remuneration received as tips or gratuities in accordance with Sections 3102 and 3301 et seq. of the Internal Revenue Code. Wage credits may not exceed five thousand four hundred dollars ($5,400) and may not include payments specified in section 2(b) of this chapter.

(g) For calendar quarters beginning on and after July 1, 1998, and before July 1, 1999, "wage credits" means remuneration paid for employment by an employer to an individual and remuneration received as tips or gratuities in accordance with Sections 3102 and 3301 et seq. of the Internal Revenue Code. Wage credits may not exceed five thousand six hundred dollars ($5,600) and may not include payments that are excluded from the definition of wages under section 2(b) of this chapter.

(h) For calendar quarters beginning on and after July 1, 1999, and before July 1, 2000, "wage credits" means remuneration paid for employment by an employer to an individual and remuneration received as tips or gratuities in accordance with Sections 3102 and 3301 et seq. of the Internal Revenue Code. Wage credits may not exceed five thousand eight hundred dollars ($5,800) and may not include payments that are excluded from the definition of wages under section 2(b) of this chapter.

(i) For calendar quarters beginning on and after July 1, 2000, and before July 1, 2001, "wage credits" means remuneration paid for employment by an employer to an individual and remuneration received as tips or gratuities in accordance with Sections 3102 and 3301 et seq. of the Internal Revenue Code. Wage credits may not exceed six thousand seven hundred dollars ($6,700) and may not include payments that are excluded from the definition of wages under section 2(b) of this chapter.

(j) For calendar quarters beginning on and after July 1, 2001, and before July 1, 2002, "wage credits" means remuneration paid for employment by an employer to an individual and remuneration received as tips or gratuities in accordance with Sections 3102 and 3301 et seq. of the Internal Revenue Code. Wage credits may not exceed seven thousand three hundred dollars ($7,300) and may not include payments that are excluded from the definition of wages under section 2(b) of this chapter.

(k) For calendar quarters beginning on and after July 1, 2002, **and before July 1, 2003,** "wage credits" means remuneration paid for employment by an employer to an individual and remuneration received as tips or gratuities in accordance with Sections 3102 and

3301 et seq. of the Internal Revenue Code. Wage credits may not exceed seven thousand nine hundred dollars ($7,900) and may not include payments that are excluded from the definition of wages under section 2(b) of this chapter.

(l) For calendar quarters beginning on and after July 1, 2003, "wage credits" means remuneration paid for employment by an employer to an individual and remuneration received as tips or gratuities in accordance with Sections 3102 and 3301 et seq. of the Internal Revenue Code. Wage credits may not exceed eight thousand five hundred dollars ($8,500) and may not include payments that are excluded from the definition of wages under section 2(b) of this chapter.

SECTION 18. IC 22-4-12-2, AS AMENDED BY P.L.235-1999, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) With respect to initial claims filed for any week beginning on and after July 6, 1980, and before July 7, 1985, each eligible individual who is totally unemployed (as defined in IC 22-4-3-1) in any week in the individual's benefit period shall be paid for the week, if properly claimed, benefits at the rate of four and three-tenths percent (4.3%) of the individual's wage credits in the calendar quarter during the individual's base period in which the wage credits were highest. However, the weekly benefit amount may not exceed:

(1) eighty-four dollars ($84) if the eligible and qualified individual has no dependents;

(2) ninety-nine dollars ($99) if the eligible and qualified individual has one (1) dependent;

(3) one hundred thirteen dollars ($113) if the eligible and qualified individual has two (2) dependents;

(4) one hundred twenty-eight dollars ($128) if the eligible and qualified individual has three (3) dependents; or

(5) one hundred forty-one dollars ($141) if the eligible and qualified individual has four (4) or more dependents.

With respect to initial claims filed for any week beginning on and after July 7, 1985, and before July 6, 1986, each eligible individual who is totally unemployed (as defined in IC 22-4-3-1) in any week in the individual's benefit period shall be paid for the week, if properly claimed, benefits at the rate of four and three-tenths percent (4.3%) of the individual's wage credits in the calendar quarter during the individual's base period in which the wage credits were highest. However, the weekly benefit amount may not exceed:

(1) ninety dollars ($90) if the eligible and qualified individual has no dependents;

(2) one hundred six dollars ($106) if the eligible and qualified individual has one (1) dependent;

(3) one hundred twenty-one dollars ($121) if the eligible and qualified individual has two (2) dependents;

(4) one hundred thirty-seven dollars ($137) if the eligible and qualified individual has three (3) dependents; or

(5) one hundred fifty-one dollars ($151) if the eligible and qualified individual has four (4) or more dependents.

With respect to initial claims filed for any week beginning on and after July 6, 1986, and before July 7, 1991, each eligible individual who is totally unemployed (as defined in IC 22-4-3-1) in any week in the individual's benefit period shall be paid for the week, if properly claimed, benefits at the rate of four and three-tenths percent (4.3%) of the individual's wage credits in the calendar quarter during the individual's base period in which the wage credits were highest. However, the weekly benefit amount may not exceed:

(1) ninety-six dollars ($96) if the eligible and qualified individual has no dependents;

(2) one hundred thirteen dollars ($113) if the eligible and qualified individual has one (1) dependent;

(3) one hundred twenty-nine dollars ($129) if the eligible and qualified individual has two (2) dependents;

(4) one hundred forty-seven dollars ($147) if the eligible and qualified individual has three (3) dependents; or

(5) one hundred sixty-one dollars ($161) if the eligible and qualified individual has four (4) or more dependents.

With respect to initial claims filed for any week beginning on and after July 7, 1991, benefits shall be paid in accordance with subsections (d) through (k).

For the purpose of this subsection and subsections (e) through (g), the term "dependent" means lawful husband or wife, natural child, adopted child, stepchild, if such stepchild is not receiving aid to dependent children under the welfare program, or child placed in the claimant's home for adoption by an authorized placement agency or a court of law, provided such child is under eighteen (18) years of age and that such dependent claimed has received more than one-half (½) the cost of support from the claimant during ninety (90) days (or for duration of relationship, if less) immediately preceding the claimant's benefit year beginning date, but only if such dependent who is the lawful husband or wife is unemployed and currently ineligible for Indiana benefits because of insufficient base period wages. The number and status of dependents shall be determined as of the beginning of the claimant's benefit period and shall not be changed during that benefit period.

With respect to initial claims filed for any week beginning on and after July 6, 1980, the term "dependent" shall include a person with a disability over eighteen (18) years of age who is a child of the claimant and who receives more than one-half (½) the cost of his support from the claimant during the ninety (90) day period immediately preceding the claimant's benefit year beginning date. "Child" includes a natural child, an adopted child, a stepchild of claimant, if the stepchild is not receiving aid to dependent children under the welfare program, or a child placed in the claimant's home for adoption by an authorized placement agency or a court of law. The term "disabled" means an individual who by reason of physical or mental defect or infirmity, whether congenital or acquired by accident, injury, or disease, is totally or partially prevented from achieving the fullest attainable physical, social, economic, mental, and vocational participation in the normal process of living.

For the purpose of this subsection, the term "dependent" includes a child for whom claimant is the court appointed legal guardian.

On and after July 6, 1980, and before July 7, 1991, if the weekly benefit amount is less than forty dollars ($40), the board, through the commissioner, shall pay benefits at the rate of forty dollars ($40) per week. On and after July 7, 1991, if the weekly benefit amount is less than fifty dollars ($50), the board, through the commissioner, shall pay benefits at the rate of fifty dollars ($50) per week. If such weekly benefit amount is not a multiple of one dollar ($1), it shall be computed to the next lower multiple of one dollar ($1).

(b) Each eligible individual who is partially or part-totally unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his weekly benefit amount, less his deductible income, if any, for such week. If such partial benefit is not a multiple of one dollar ($1), it shall be computed to the next lower multiple of one dollar ($1). Except for an individual who is totally unemployed, an individual who is not partially or part-totally unemployed is not eligible for any benefit. The board may prescribe rules governing the payment of such partial benefits, and may provide, with respect to individuals whose earnings cannot reasonably be computed on a weekly basis, that such benefits may be computed and paid on other than a weekly basis; however, such rules shall secure results reasonably equivalent to those provided in the analogous provisions of this section.

(c) The weekly extended benefit amount payable to an individual for a week of total unemployment in the individual's eligibility period shall be an amount equal to the weekly benefit amount payable to the individual during the individual's applicable benefit period, prior to any reduction of such weekly benefit amount.

(d) With respect to initial claims filed for any week beginning on and after July 7, 1991, and before July 1, 1995, each eligible individual who is totally unemployed (as defined in IC 22-4-3-1) in any week in the individual's benefit period shall be paid for the week, if properly claimed, benefits at the rate of:

(1) five percent (5%) of the first one thousand dollars ($1,000) of the individual's wage credits in the calendar quarter during the individual's base period in which the wage credits were highest; and

(2) four percent (4%) of the individual's remaining wage credits in the calendar quarter during the individual's base period in which the wage credits were highest.

However, the weekly benefit amount may not exceed the amount

specified in subsections (e) through (I).

(e) With respect to initial claims filed for any week beginning on and after July 7, 1991, and before July 5, 1992, the weekly benefit amount may not exceed:

(1) one hundred sixteen dollars ($116) if the eligible and qualified individual has no dependents;

(2) one hundred thirty-four dollars ($134) if the eligible and qualified individual has one (1) dependent;

(3) one hundred fifty-three dollars ($153) if the eligible and qualified individual has two (2) dependents; or

(4) one hundred seventy-one dollars ($171) if the eligible and qualified individual has three (3) or more dependents.

(f) With respect to initial claims filed for any week beginning on and after July 5, 1992, and before July 4, 1993, the weekly benefit amount may not exceed:

(1) one hundred forty dollars ($140) if the eligible and qualified individual has no dependents;

(2) one hundred sixty dollars ($160) if the eligible and qualified individual has one (1) dependent; or

(3) one hundred eighty-one dollars ($181) if the eligible and qualified individual has two (2) or more dependents.

(g) With respect to initial claims filed for any week beginning on and after July 4, 1993, and before July 3, 1994, the weekly benefit amount may not exceed:

(1) one hundred seventy dollars ($170) if the eligible and qualified individual has no dependents; or

(2) one hundred ninety-two dollars ($192) if the eligible and qualified individual has one (1) or more dependents.

(h) With respect to initial claims filed for any week beginning on or after July 3, 1994, and before July 1, 1995, the weekly benefit amount may not exceed two hundred two dollars ($202).

(i) With respect to initial claims filed for any week on or after July 1, 1995, the weekly benefit amount will equal the amount that results from applying the percentages provided in subsections (j) through ~~(k)~~ **(l)** to the applicable maximum wage credits under IC 22-4-4-3.

(j) With respect to initial claims filed for any week beginning on and after July 1, 1995, and before July 1, 1997, each eligible individual who is totally unemployed (as defined in IC 22-4-3-1) in any week in the individual's benefit period shall be paid for the week, if properly claimed, benefits at the rate of:

(1) five percent (5%) of the first one thousand seven hundred fifty dollars ($1,750) of the individual's wage credits in the calendar quarter during the individual's base period in which the wage credits were highest; and

(2) four percent (4%) of the individual's remaining wage credits in the calendar quarter during the individual's base period in which the wage credits were highest.

However, the weekly benefit amount may not exceed the amount specified in subsection (I).

(k) With respect to initial claims filed for any week beginning on and after July 1, 1997, **and before July 1, 2004,** each eligible individual who is totally unemployed (as defined in IC 22-4-3-1) in any week in the individual's benefit period shall be paid for the week, if properly claimed, benefits at the rate of:

(1) five percent (5%) of the first two thousand dollars ($2,000) of the individual's wage credits in the calendar quarter during the individual's base period in which the wage credits were highest; and

(2) four percent (4%) of the individual's remaining wage credits in the calendar quarter during the individual's base period in which the wage credits were highest.

(l) With respect to initial claims filed for any week beginning on and after July 1, 2004, each eligible individual who is totally unemployed (as defined in IC 22-4-3-1) in any week in the individual's benefit period shall be paid if properly claimed according to the following:

(1) The weekly benefit amount shall be four and one-sixth percent (4 1/6%) of the average quarterly wages of the individual's total wages during the two (2) quarters of the individual's base year in which the individual's total wages were highest.

(2) The following maximum and minimum amounts payable each week shall be determined as of June 30 of each year in order to apply to a benefit year beginning in the twelve (12) month period immediately following June 30:

(A) The maximum amount payable each week shall be fifty percent (50%) of the average weekly wage for the period beginning January 1 and ending June 30 of the current year.

(B) The minimum amount payable each week shall be fifteen percent (15%) of the average weekly wage for the period beginning January 1 and ending June 30 of the current year.

SECTION 19. IC 22-4-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 4. ~~As a condition precedent to the payment of benefits to an individual with respect to any week such individual shall be required to serve a waiting period of one (1) week in which he has been totally, partially or part-totally unemployed and with respect to which he has received no benefits, but during which he was eligible for benefits in all other respects and was not otherwise ineligible for benefits under any provisions of this article. Such waiting period shall be a week in the individual's benefit period and during such week such individual shall be physically and mentally able to work and available for work. No~~ **An** individual in a benefit period may **not** file for ~~waiting period or~~ benefit period rights with respect to any subsequent period. ~~Provided, however, That no waiting period shall be required as a prerequisite for drawing extended benefits.~~ ".

Page 28, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 21. IC 22-4-15-1, AS AMENDED BY P.L.290-2001, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) With respect to benefit periods established on and after July 6, 1980, an individual who has voluntarily left the individual's most recent employment without good cause in connection with the work or who was discharged from the individual's most recent employment for just cause is ineligible for ~~waiting period or~~ benefit rights for the week in which the disqualifying separation occurred and until the individual has earned remuneration in employment equal to or exceeding the weekly benefit amount of the individual's claim in each of eight (8) weeks. If the qualification amount has not been earned at the expiration of an individual's benefit period, the unearned amount shall be carried forward to an extended benefit period or to the benefit period of a subsequent claim.

(b) When it has been determined that an individual has been separated from employment under disqualifying conditions as outlined in this section, the maximum benefit amount of ~~his~~ **the individual's** current claim, as initially determined, shall be reduced by twenty-five percent (25%). If twenty-five percent (25%) of the maximum benefit amount is not an even dollar amount, the amount of such reduction will be raised to the next higher even dollar amount. The maximum benefit amount may not be reduced by more than twenty-five percent (25%) during any benefit period or extended benefit period.

(c) The disqualifications provided in this section shall be subject to the following modifications:

(1) An individual shall not be subject to disqualification because of separation from the individual's employment if:

(A) the individual left to accept with another employer previously secured permanent full-time work which offered reasonable expectation of continued covered employment and betterment of wages or working conditions; and thereafter was employed on said job;

(B) having been simultaneously employed by two (2) employers, the individual leaves one (1) such employer voluntarily without good cause in connection with the work but remains in employment with the second employer with a reasonable expectation of continued employment; or

(C) the individual left to accept recall made by a base period employer.

(2) An individual whose unemployment is the result of medically substantiated physical disability and who is

involuntarily unemployed after having made reasonable efforts to maintain the employment relationship shall not be subject to disqualification under this section for such separation.

(3) An individual who left work to enter the armed forces of the United States shall not be subject to disqualification under this section for such leaving of work.

(4) An individual whose employment is terminated under the compulsory retirement provision of a collective bargaining agreement to which the employer is a party, or under any other plan, system, or program, public or private, providing for compulsory retirement and who is otherwise eligible shall not be deemed to have left the individual's work voluntarily without good cause in connection with the work. However, if such individual subsequently becomes reemployed and thereafter voluntarily leaves work without good cause in connection with the work, the individual shall be deemed ineligible as outlined in this section.

(5) An otherwise eligible individual shall not be denied benefits for any week because the individual is in training approved under Section 236(a)(1) of the Trade Act of 1974, nor shall the individual be denied benefits by reason of leaving work to enter such training, provided the work left is not suitable employment, or because of the application to any week in training of provisions in this law (or any applicable federal unemployment compensation law), relating to availability for work, active search for work, or refusal to accept work. For purposes of this subdivision, the term "suitable employment" means with respect to an individual, work of a substantially equal or higher skill level than the individual's past adversely affected employment (as defined for purposes of the Trade Act of 1974), and wages for such work at not less than eighty percent (80%) of the individual's average weekly wage as determined for the purposes of the Trade Act of 1974.

(6) An individual is not subject to disqualification because of separation from the individual's employment if:

(A) the employment was outside the individual's labor market;

(B) the individual left to accept previously secured full-time work with an employer in the individual's labor market; and

(C) the individual actually became employed with the employer in the individual's labor market.

(7) An individual who, but for the voluntary separation to move to another labor market to join a spouse who had moved to that labor market, shall not be disqualified for that voluntary separation, if the individual is otherwise eligible for benefits. Benefits paid to the spouse whose eligibility is established under this subdivision shall not be charged against the employer from whom the spouse voluntarily separated.

(8) An individual who is an affected employee (as defined in IC 22-4-43-1(1)) and is subject to the work sharing unemployment insurance program under IC 22-4-43 is not disqualified for participating in the work sharing unemployment insurance program.

As used in this subsection, "labor market" means the area surrounding an individual's permanent residence, outside which the individual cannot reasonably commute on a daily basis. In determining whether an individual can reasonably commute under this subdivision, the department shall consider the nature of the individual's job.

(d) "Discharge for just cause" as used in this section is defined to include but not be limited to:

(1) separation initiated by an employer for falsification of an employment application to obtain employment through subterfuge;

(2) knowing violation of a reasonable and uniformly enforced rule of an employer;

(3) unsatisfactory attendance, if the individual cannot show good cause for absences or tardiness;

(4) damaging the employer's property through willful negligence;

(5) refusing to obey instructions;

(6) reporting to work under the influence of alcohol or drugs or consuming alcohol or drugs on employer's premises during working hours;

(7) conduct endangering safety of self or coworkers; or

(8) incarceration in jail following conviction of a misdemeanor or felony by a court of competent jurisdiction or for any breach of duty in connection with work which is reasonably owed an employer by an employee.

SECTION 22. IC 22-4-15-2, AS AMENDED BY P.L.290-2001, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) With respect to benefit periods established on and after July 3, 1977, an individual is ineligible for ~~waiting period or~~ benefit rights, or extended benefit rights, if the department finds that, being totally, partially, or part-totally unemployed at the time when the work offer is effective or when the individual is directed to apply for work, the individual fails without good cause:

(1) to apply for available, suitable work when directed by the commissioner, the deputy, or an authorized representative of the department of workforce development or the United States training and employment service;

(2) to accept, at any time after the individual is notified of a separation, suitable work when found for and offered to the individual by the commissioner, the deputy, or an authorized representative of the department of workforce development or the United States training and employment service, or an employment unit; or

(3) to return to the individual's customary self-employment when directed by the commissioner or the deputy.

(b) With respect to benefit periods established on and after July 6, 1980, the ineligibility shall continue for the week in which the failure occurs and until the individual earns remuneration in employment equal to or exceeding the weekly benefit amount of the individual's claim in each of eight (8) weeks. If the qualification amount has not been earned at the expiration of an individual's benefit period, the unearned amount shall be carried forward to an extended benefit period or to the benefit period of a subsequent claim.

(c) With respect to extended benefit periods established on and after July 5, 1981, the ineligibility shall continue for the week in which the failure occurs and until the individual earns remuneration in employment equal to or exceeding the weekly benefit amount of the individual's claim in each of four (4) weeks.

(d) If an individual failed to apply for or accept suitable work as outlined in this section, the maximum benefit amount of the individual's current claim, as initially determined, shall be reduced by twenty-five percent (25%). If twenty-five percent (25%) of the maximum benefit amount is not an even dollar amount, the amount of such reduction shall be raised to the next higher even dollar amount. The maximum benefit amount of the individual's current claim may not be reduced by more than twenty-five percent (25%) during any benefit period or extended benefit period.

(e) In determining whether or not any such work is suitable for an individual, the department shall consider:

(1) the degree of risk involved to such individual's health, safety, and morals;

(2) the individual's physical fitness and prior training and experience;

(3) the individual's length of unemployment and prospects for securing local work in the individual's customary occupation; and

(4) the distance of the available work from the individual's residence.

However, work under substantially the same terms and conditions under which the individual was employed by a base-period employer, which is within the individual's prior training and experience and physical capacity to perform, shall be considered to be suitable work unless the claimant has made a bona fide change in residence which makes such offered work unsuitable to the individual because of the distance involved.

(f) Notwithstanding any other provisions of this article, no work shall be considered suitable and benefits shall not be denied under this article to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

(1) If the position offered is vacant due directly to a strike, lockout, or other labor dispute.

(2) If the remuneration, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality.

(3) If as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining a bona fide labor organization.

(4) If as a condition of being employed the individual would be required to discontinue training into which the individual had entered with the approval of the department.

(g) Notwithstanding subsection (e), with respect to extended benefit periods established on and after July 5, 1981, "suitable work" means any work which is within an individual's capabilities. However, if the individual furnishes evidence satisfactory to the department that the individual's prospects for obtaining work in the individual's customary occupation within a reasonably short period are good, the determination of whether any work is suitable work shall be made as provided in subsection (e).

(h) With respect to extended benefit periods established on and after July 5, 1981, no work shall be considered suitable and extended benefits shall not be denied under this article to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

(1) If the gross average weekly remuneration payable to the individual for the position would not exceed the sum of:

(A) the individual's average weekly benefit amount for the individual's benefit year; plus

(B) the amount (if any) of supplemental unemployment compensation benefits (as defined in Section 501(c)(17)(D) of the Internal Revenue Code) payable to the individual for such week.

(2) If the position was not offered to the individual in writing or was not listed with the department of workforce development.

(3) If such failure would not result in a denial of compensation under the provisions of this article to the extent that such provisions are not inconsistent with the applicable federal law.

(4) If the position pays wages less than the higher of:

(A) the minimum wage provided by 29 U.S.C. 206(a)(1) (The Fair Labor Standards Act of 1938), without regard to any exemption; or

(B) the state minimum wage (IC 22-2-2).

(i) The department of workforce development shall refer individuals eligible for extended benefits to any suitable work (as defined in subsection (g)) to which subsection (h) would not apply.".

Page 28, line 38, strike "waiting period or".

Page 29, line 34, strike "waiting period or".

Page 30, after line 34, begin a new paragraph and insert:

"SECTION 25. IC 22-4-15-4, AS AMENDED BY P.L.290-2001, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) An individual ~~shall be~~ **is** ineligible for ~~waiting period or~~ benefit rights for any week with respect to which the individual receives, is receiving, or has received payments equal to or exceeding ~~his~~ **the individual's** weekly benefit amount in the form of:

(1) deductible income as defined and applied in IC 22-4-5-1 and IC 22-4-5-2; or

(2) any pension, retirement or annuity payments, under any plan of an employer whereby the employer contributes a portion or all of the money. This disqualification shall apply only if some or all of the benefits otherwise payable are chargeable to the experience or reimbursable account of ~~such~~ **the** employer, or would have been chargeable except for the application of this chapter. For ~~the~~ purposes of this subdivision, ~~(2),~~ federal old age, survivors, and disability insurance benefits are not considered payments under a plan of an employer whereby the employer maintains the plan or contributes a portion or all of the money to the extent required by federal law.

(b) If the payments described in subsection (a) are less than ~~his~~ **the individual's** weekly benefit amount an otherwise eligible individual ~~shall~~ **is** not ~~be~~ ineligible and shall be entitled to receive for such week benefits reduced by the amount of such payments.

(c) This section does not preclude an individual from delaying a claim to pension, retirement, or annuity payments until the individual has received the benefits to which the individual would otherwise be eligible under this chapter. Weekly benefits received before the date the individual elects to retire shall not be reduced by any pension, retirement, or annuity payments received on or after the date the individual elects to retire.

SECTION 26. IC 22-4-15-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. Except as provided in IC ~~1971,~~ 22-4-22, an individual ~~shall be~~ **is** ineligible for ~~waiting period or~~ benefit rights for any week with respect to which or a part of which ~~he~~ **the individual** receives, is receiving, has received or is seeking unemployment benefits under an unemployment compensation law of another state or of the United States. ~~Provided, that~~ **However,** this disqualification shall not apply if the appropriate agency of such other state or of the United States finally determines that ~~he~~ **the individual** is not entitled to such employment benefits, including benefits to federal civilian employees and ex-servicemen pursuant to 5 U.S.C. Chapter 85.

SECTION 27. IC 22-4-16-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Notwithstanding any other provisions of this article, if an individual knowingly fails to disclose amounts earned during any week in ~~his waiting period,~~ **the individual's** benefit period or extended benefit period with respect to which benefit rights or extended benefit rights are claimed, or knowingly fails to disclose or has falsified as to any fact ~~which~~ **that** would have disqualified ~~him~~ **the individual** or rendered ~~him~~ **the individual** ineligible for benefits or extended benefits or would have reduced ~~his~~ **the individual's** benefit rights or extended benefit rights during such a week, all of ~~his~~ **the individual's** wage credits established prior to the week of the falsification or failure to disclose shall be cancelled, and any benefits or extended benefits ~~which~~ **that** might otherwise have become payable to ~~him~~ **the individual** and any benefit rights or extended benefit rights based upon those wage credits shall be forfeited.

SECTION 28. IC 22-4-17-2, AS AMENDED BY P.L.290-2001, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) When an individual files an initial claim, the department shall promptly make a determination of ~~his~~ **the individual's** status as an insured worker in a form prescribed by the board. A written notice of the determination of insured status shall be furnished ~~him~~ **to the individual** promptly. Each such determination shall be based on and include a written statement showing the amount of wages paid to the individual for insured work by each employer during the individual's base period and shall include a finding as to whether such wages meet the requirements for the individual to be an insured worker, and, if so, the week ending date of the first week of the individual's benefit period, the individual's weekly benefit amount, and the maximum amount of benefits that may be paid to the individual for weeks of unemployment in the individual's benefit period. For the individual who is not insured, the notice shall include the reason for the determination. Unless the individual, within twenty (20) days after such determination was mailed to the individual's last known address, or otherwise delivered to the individual, asks a hearing thereon before an administrative law judge, such determination shall be final and benefits shall be paid or denied in accordance therewith.

(b) The department shall promptly furnish each employer in the base period whose experience or reimbursable account is potentially chargeable with benefits to be paid to such individual with a notice in writing of the employer's benefit liability. Such notice shall contain the date, the name and social security account number of the individual, the ending date of the individual's base period, and the week ending date of the first week of the individual's benefit period. Such notice shall further contain information as to the proportion of benefits chargeable to the employer's experience or reimbursable account in ratio to the earnings of such individual from such employer. Unless the employer, within twenty (20) days after such notice of benefit liability was mailed to the employer's last known address, or otherwise delivered to the employer, asks a hearing thereon before an administrative law judge, such determination shall

be final and benefits paid shall be charged in accordance therewith.

(c) An employing unit, including an employer, having knowledge of any facts which may affect an individual's eligibility or right to waiting period credits or benefits, shall notify the department of such facts within twenty (20) days after the mailing of notice that a former employee has filed an initial or additional claim for benefits on a form prescribed by the board.

(d) In addition to the foregoing determination of insured status by the department, the deputy shall, throughout the benefit period, determine the claimant's eligibility with respect to each week for which the claimant claims ~~waiting period credit or~~ benefit rights, the validity of the claimant's claim therefor, and the cause for which the claimant left the claimant's work, or may refer such claim to an administrative law judge who shall make the initial determination with respect thereto in accordance with the procedure in IC 22-4-17-3.

(e) In cases where the claimant's benefit eligibility or disqualification is disputed, the department shall promptly notify the claimant and the employer or employers directly involved or connected with the issue raised as to the validity of such claim, the eligibility of the claimant for ~~waiting period credit or~~ benefits, or the imposition of a disqualification period or penalty, or the denial thereof, and of the cause for which the claimant left the claimant's work, of such determination and the reasons thereof. Except as otherwise hereinafter provided in this subsection regarding parties located in Alaska, Hawaii, and Puerto Rico, unless the claimant or such employer, within twenty (20) days after such notification was mailed to the claimant's or the employer's last known address, or otherwise delivered to the claimant or the employer, asks a hearing before an administrative law judge thereon, such decision shall be final and benefits shall be paid or denied in accordance therewith. With respect to notice of disputed administrative determination or decision mailed or otherwise delivered to the claimant or employer either of whom is located in Alaska, Hawaii, or Puerto Rico, unless such claimant or employer, within twenty-five (25) days after such notification was mailed to the claimant's or employer's last known address or otherwise delivered to the claimant or employer, asks a hearing before an administrative law judge thereon, such decision shall be final and benefits shall be paid or denied in accordance therewith. If such hearing is desired, the request therefor shall be filed with the commissioner in writing within the prescribed periods as above set forth in this subsection and shall be in such form as the board may prescribe. In the event a hearing is requested by an employer or the department after it has been administratively determined that benefits should be allowed to a claimant, entitled benefits shall continue to be paid to said claimant unless said administrative determination has been reversed by a due process hearing. Benefits with respect to any week not in dispute shall be paid promptly regardless of any appeal.

(f) ~~No~~ **A** person may **not** participate on behalf of the department in any case in which the person is an interested party.

(g) Solely on the ground of obvious administrative error appearing on the face of an original determination, and within the benefit year of the affected claims, the commissioner, or a representative authorized by the commissioner to act in the commissioner's behalf, may reconsider and direct the deputy to revise the original determination so as to correct the obvious error appearing therein. Time for filing an appeal and requesting a hearing before an administrative law judge regarding the determinations handed down pursuant to this subsection shall begin on the date following the date of revision of the original determination and shall be filed with the commissioner in writing within the prescribed periods as above set forth in subsection (c).

(h) Notice to the employer and the claimant that the determination of the department is final if a hearing is not requested shall be prominently displayed on the notice of the determination which is sent to the employer and the claimant.

SECTION 28. IC 22-4-43 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 43. Work Sharing

Sec. 1. As used in this chapter:

(1) "Affected employee" means an individual who has been continuously on the payroll of an affected unit for at least three (3) months before the employing unit submits a work sharing plan.

(2) "Affected unit" means a specific plant, department, shift, or other definable unit of an employing unit:

(A) that has at least two (2) employees; and

(B) to which an approved work sharing plan applies.

(3) "Approved work sharing plan" means a plan that satisfies the purpose set forth in section 2 of this chapter and has the approval of the commissioner.

(4) "Commissioner" means the commissioner of workforce development appointed under IC 22-4.1-3-1.

(5) "Employee association" means:

(A) an association that is a party to a collective bargaining agreement under which it may negotiate a work sharing plan; or

(B) an association authorized by all of its members to become a party to a work sharing plan.

(6) "Normal weekly work hours" means the lesser of:

(A) the number of hours in a week that an employee customarily works for the regular employing unit; or

(B) forty (40) hours.

(7) "Work sharing plan" means a plan of an employing unit or employer association under which:

(A) normal weekly work hours of affected employees are reduced; and

(B) affected employees share the work that remains after the reduction.

(8) "Work sharing benefit" means benefits payable to an affected employee for work performed under an approved work sharing plan, including benefits payable to a federal civilian employee or former member of the armed forces under 5 U.S.C. 8500 et seq., but does not include benefits that are otherwise payable under this article.

(9) "Work sharing employer" means an employing unit or employer association for which a work sharing plan has been approved.

Sec. 2. The work sharing unemployment insurance program seeks to:

(1) preserve the jobs of employees and the work force of an employer during lowered economic activity by reduction in work hours or workdays rather than by a layoff of some employees while other employees continue their normal weekly work hours or workdays; and

(2) ameliorate the adverse effect of reduction in business activity by providing benefits for the part of the normal weekly work hours or workdays in which an employee does not work.

Sec. 3. An employing unit or employee association that wishes to participate in the work sharing unemployment insurance program shall submit to the commissioner a written work sharing plan that the employing unit or representative of the employee association has signed.

Sec. 4. (a) Within fifteen (15) days after receipt of a work sharing plan, the commissioner shall give written approval or disapproval of the plan to the employing unit or employee association.

(b) The decision of the commissioner to disapprove a work sharing plan is final and may not be appealed.

(c) An employing unit or employee association may submit a new work sharing plan not less than fifteen (15) days after disapproval of a work sharing plan.

Sec. 5. The commissioner shall approve a work sharing plan that meets the following requirements:

(1) The work sharing plan must apply to:

(A) at least ten percent (10%) of the employees in an affected unit; or

(B) at least twenty (20) employees in an affected unit in which the work sharing plan applies equally to all affected employees.

(2) The normal weekly work hours of affected employees in

the affected unit shall be reduced by at least ten percent (10%) but the reduction may not exceed fifty percent (50%) unless waived by the commissioner.

Sec. 6. A work sharing plan must:

(1) identify the affected unit;

(2) identify each employee in the affected unit by:

(A) name;

(B) Social Security number; and

(C) any other information that the commissioner requires;

(3) specify an expiration date that is not more than six (6) months after the effective date of the work sharing plan;

(4) specify the effect that the work sharing plan will have on the fringe benefits of each employee in the affected unit including:

(A) health insurance for hospital, medical, dental, and similar services;

(B) retirement benefits under benefit pension plans as defined in the federal Employee Retirement Security Act (29 U.S.C. 1001 et seq.);

(C) holiday and vacation pay;

(D) sick leave; and

(E) similar advantages;

(5) certify that:

(A) each affected employee has been continuously on the payroll of the employing unit for three (3) months immediately before the date on which the employing unit or employer association submits the work sharing plan; and

(B) the total reduction in normal weekly work hours is in place of layoffs that would have:

(i) affected at least the number of employees specified in section 5(1) of this chapter; and

(ii) would have resulted in an equivalent reduction in work hours; and

(6) contain the written approval of:

(A) the collective bargaining agent for each collective bargaining agreement that covers any affected employee in the affected unit; or

(B) if there is no agent, a representative of the employees or employee association in the affected unit.

Sec. 7. If a work sharing plan serves the work sharing employer as a transitional step to permanent staff reduction, the work sharing plan must contain a reemployment assistance plan for each affected employee that the work sharing employer develops with the commissioner.

Sec. 8. The work sharing employer shall agree to:

(1) submit reports that are necessary to administer the work sharing plan; and

(2) allow the department to have access to all records necessary to:

(A) verify the work sharing plan before its approval; and

(B) monitor and evaluate the application of the work sharing plan after its approval.

Sec. 9. (a) An approved work sharing plan may be modified if the modification meets the requirements for approval under section 6 of this chapter and the commissioner approves the modifications.

(b) An employing unit may add an employee to a work sharing plan when the employee has been continuously on the payroll for three (3) months.

(c) An approved modification of a work sharing plan may not change its expiration date.

Sec. 10. (a) An affected employee is eligible under section 12 of this chapter to receive work sharing benefits for each week in which the commissioner determines that the affected employee is:

(1) able to work; and

(2) available for more hours of work or full-time work for the worksharing employer.

(b) An affected employee who otherwise is eligible may not be denied work sharing benefits for lack of effort to secure work as set forth in IC 22-4-14-3 or for failure to apply for available suitable work as set forth in IC 22-4-15-2 from a person other than the work sharing employer.

(c) An affected employee shall apply for benefits under IC 22-4-17-1.

(d) An affected employee who otherwise is eligible for benefits is:

(1) considered to be unemployed for the purpose of the work sharing unemployment insurance program; and

(2) not subject to the requirements of IC 22-4-14-2.

Sec. 11. The weekly work sharing unemployment compensation benefit due to an affected worker is determined in STEP FOUR of the following formula:

STEP ONE: Determine the weekly benefit that would be due to the affected employee under IC 22-4-12-4.

STEP TWO: Determine the percentage of reduction in the employee's normal work hours as to those under the approved work sharing plan.

STEP THREE: Multiply the number determined in STEP ONE by the quotient determined in STEP TWO.

STEP FOUR: If the product determined under STEP THREE is not a multiple of one dollar ($1), round down to the nearest lower multiple of one dollar ($1).

Sec. 12. (a) An affected employee is eligible to receive not more than twenty six (26) weeks of work sharing benefits during each benefit year.

(b) The total amount of benefits payable under IC 22-4-12-4 and work sharing benefits payable under this chapter may not exceed the total payable for the benefit year under IC 22-4-12-4(a).

Sec. 13. The board shall establish rules under IC 4-22-2 applicable to partially unemployed workers for determining their weekly benefit amount due under this chapter, subject to IC 22-4-12-5(b).

Sec. 14. During a week in which an affected employee who otherwise is eligible for benefits does not work for the work sharing employer:

(1) the individual shall be paid benefits in accordance with this chapter; and

(2) the week does not count as a week for which a work sharing benefit is received.

Sec. 15. During a week in which an employee earns wages under an approved work sharing plan and other wages, the work sharing benefit shall be reduced by the same percentage that the combined wages are of wages for normal weekly work hours if the other wages:

(1) exceed the wages earned under the approved work sharing plan; and

(2) do not exceed ninety percent (90%) of the wages that the individual earns for normal weekly work hours.

This computation applies regardless of whether the employee earned the other wage from the work sharing employer or other employer.

Sec. 16. While an affected employee applies for or receives work sharing benefits, the affected employee is not eligible for:

(1) extended benefits under IC 22-4-12-4; or

(2) supplemental federal unemployment compensation.

Sec. 17. The commissioner may revoke approval of an approved work sharing plan for good cause, including:

(1) conduct or an occurrence that tends to defeat the intent and effective operation of the approved work sharing plan;

(2) failure to comply with an assurance in the approved work sharing plan;

(3) unreasonable revision of a productivity standard of the affected unit; and

(4) violation of a criterion on which the commissioner based the approval of the work sharing plan.

SECTION 29. IC 22-4-44 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 44. Expanded Unemployment Insurance Benefits While in State Training

Sec. 1. It is the intent of the general assembly that:

(1) a training benefits program be established to provide unemployment insurance benefits to unemployed individuals who participate in training programs necessary for their reemployment;

(2) funding for the program be limited by a specified maximum amount each fiscal year;

(3) individuals unemployed as a result of structural changes in the economy and technological advances rendering their skills obsolete must receive the highest priority for participation in the program;

(4) individuals for whom suitable employment is available are not eligible for additional benefits while participating in training; and

(5) the program shall serve the following goals:

(A) Retraining should be available for those unemployed individuals whose skills are no longer in demand.

(B) To be eligible for retraining, an individual must have a long term attachment to the labor force.

(C) Training must enhance the individual's marketable skills and earning power.

(D) Retraining must be targeted to those industries or skills that are in high demand within the labor market.

Sec. 2. The following definitions apply throughout this chapter:

(1) "High demand" means demand for employment that exceeds the supply of qualified workers for occupations or skill sets in a labor market area.

(2) "State educational institution" has the meaning set forth in IC 20-12-0.5-1 and includes an equivalent educational institution in another state that also receives appropriations from the general assembly of the other state.

(3) "Sufficient tenure" means earning a plurality of wages in a particular occupation or using a particular skill set during the base period and at least two (2) of the four (4) twelve (12) month periods immediately preceding the base period.

(4) "Training benefits" means additional benefits paid under this chapter.

(5) "Training program" means:

(A) an education program determined to be necessary as a prerequisite to vocational training after counseling at the state educational institution in which the individual enrolls under the individual's approved training program; or

(B) a vocational training program at a state educational institution that:

(i) is targeted to training for a high demand occupation. Beginning July 1, 2002, the assessment of high demand occupations authorized for training under this chapter must be substantially based on labor market and employment information developed by the department of employment and training services in cooperation with the commissioner of labor under IC 22-1-1-8(2);

(ii) is likely to enhance the individual's marketable skills and earning power; and

(iii) meets the criteria for performance developed by the department of employment and training services for the purpose of determining those training programs eligible for funding under 29 U.S.C. 2911 et seq.

The term does not include any course of education primarily intended to meet the requirements of a baccalaureate or higher degree, unless the training meets specific requirements for certification, licensing, or specific skills necessary for the occupation.

Sec. 3. Subject to availability of funds, training benefits are available for an individual who meets all the following conditions:

(1) The individual is eligible for or has exhausted entitlement to unemployment compensation benefits.

(2) The individual is a dislocated worker who:

(A) has been terminated or received a notice of termination from employment;

(B) is eligible for or has exhausted entitlement to unemployment compensation benefits; and

(C) is unlikely to return to employment in the individual's principal occupation or previous industry because of a diminishing demand for the individual's skills in that occupation or industry.

(3) Except as provided under subdivision (4), the individual has demonstrated, through a work history, sufficient tenure in an occupation or in work with a particular skill set. This screening will take place during the assessment process.

(4) The individual is, after assessment of demand for the individual's occupation or skills in the individual's labor market, determined to need job related training to find suitable employment in the individual's labor market. Beginning July 1, 2002, the assessment of demand for the individual's occupation or skill sets must be substantially based on declining occupation or skill sets identified in local labor market areas by the department of employment and training services.

(5) The individual develops an individual training program that is submitted to the commissioner for approval within sixty (60) days after the individual is notified by the department of the requirements of this section.

(6) The individual enters the approved training program within ninety (90) days after the date of the notification, unless the department determines that the training is not available during the ninety (90) day period, in which case the individual enters training as soon as it is available.

(7) The individual is enrolled in training approved under this chapter on a full-time basis as determined by the state educational institution and is making satisfactory progress in the training as certified by the state educational institution.

Sec. 4. An individual is not eligible for training benefits under this chapter if the individual:

(1) is a standby claimant who expects recall to his or her regular employer;

(2) has a definite recall date that is within six (6) months after the date the individual has been laid off; or

(3) is unemployed due to regular seasonal employment as defined in IC 22-4-8-4(a).

Sec. 5. Benefits shall be paid as follows:

(1) The total training benefit amount shall be fifty-two (52) times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid or considered paid with respect to the benefit year.

(2) The weekly benefit amount shall be the same as the regular weekly amount payable during the applicable benefit year and shall be paid under the same terms and conditions as regular benefits. The training benefits shall be paid before any extended benefits but not before any similar federally funded program.

(3) Training benefits are not payable for weeks more than two (2) years beyond the end of the benefit year of the regular claim.

Sec. 6. The provisions of IC 22-4-2-34(i) relating to exhaustees and regular benefits do not apply to an individual otherwise eligible for training benefits under this chapter when the individual's benefit year ends before the training benefits are exhausted and the individual is eligible for a new benefit year. The individual will have the option of remaining on the original claim or filing a new claim.

Sec. 7. An individual who receives training benefits under this chapter or under any previous additional benefits program for training is not eligible for training benefits under this chapter for five (5) years from the last receipt of training benefits under this chapter or under any previous additional benefits program for training.

Sec. 8. All base period employers are interested parties to the approval of training and the granting of training benefits.

Sec. 9. By July 1, 2002, the department of employment and training services in cooperation with the commissioner of labor under IC 22-1-1-8(2) must identify occupations and skill sets that are declining and occupations and skill sets that are in high demand. Thereafter, the department of employment and training services shall update this information annually or more frequently if needed.

Sec. 10. The department is authorized to pay training benefits under section 3 of this chapter but may not obligate expenditures beyond the appropriation made by the general assembly or beyond funds available to the department under IC 22-4-40-11. The department shall develop a procedure to ensure that expenditures do not exceed available funds and to prioritize access to funds when again available.

Sec. 11. The department shall adopt rules under IC 4-22-2 to implement this chapter.

SECTION 30. [EFFECTIVE JULY 1, 2002] **(a) Notwithstanding IC 22-4-43-13, as added by this act, the unemployment insurance board shall carry out the duties imposed upon it under IC 22-4-43-13, as added by this act, under interim written guidelines approved by the commissioner of workforce development.**

(b) This SECTION expires on the earlier of the following:

(1) The date rules are adopted under IC 22-4-43-13, as added by this act.

(2) December 31, 2003.

SECTION 31. [EFFECTIVE JULY 1, 2002] **(a) Notwithstanding IC 22-4-44-9, as added by this act, the department of workforce development shall carry out the duties imposed upon it under IC 22-4-44-9, as added by this act, under interim written guidelines approved by the commissioner of workforce development.**

(b) This SECTION expires on the earlier of the following:

(1) The date rules are adopted under IC 22-4-44-9, as added by this act.

(2) December 31, 2003.

SECTION 32. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding IC 22-4-2-12, as amended by this act, the department of workforce development shall carry out the duties imposed upon it under IC 22-4-2-12 under interim written guidelines approved by the commissioner of the department of workforce development.**

(b) This SECTION expires on the earlier of the following:

(1) The date rules are adopted under IC 22-4-2-12, as amended by this act.

(2) December 31, 2003.

SECTION 33. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1313 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 8, nays 5.

LIGGETT, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Human Affairs, to which was referred House Bill 1318, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

SUMMERS, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred House Bill 1341, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Replace the effective dates in SECTIONS 1 through 10 with "[EFFECTIVE DECEMBER 31, 2004]".

Page 3, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 8. IC 27-1-36-26.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE DECEMBER 31, 2004]: **Sec. 26.1. A health maintenance organization's RBC and a limited service health maintenance organization's RBC must be determined in accordance with the formula set forth in the RBC instructions for a health maintenance organization and a limited service health maintenance organization. The formula must take into account (and may adjust for the covariance between):**

(1) affiliation investment risk;

(2) asset risk;

(3) credit risk;

(4) underwriting risk; and

(5) all other business risks and such other relevant risks as are set forth in the RBC instructions;

determined by applying the factors in the manner set forth in the RBC instructions.

SECTION 9. IC 27-1-36-42.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE DECEMBER 31, 2004]: **Sec. 42.1. (a) If a mandatory control level event occurs with respect to a health maintenance organization or a limited service health maintenance organization, the commissioner shall take the action necessary to place the health maintenance organization or limited service health maintenance organization under regulatory control under IC 27-13.**

(b) A mandatory control level event is sufficient grounds for the commissioner to take action against a health maintenance organization or a limited service health maintenance organization under IC 27-13 and the commissioner has the rights, powers, and duties with respect to the health maintenance organization or limited service health maintenance organization that are set forth in IC 27-13.

(c) If the commissioner takes action against a health maintenance organization or a limited service health maintenance organization under an adjusted RBC report, the health maintenance organization or limited service health maintenance organization is entitled to the protections under IC 27-9-2 pertaining to summary proceedings.

(d) The commissioner may forego action under subsections (a) through (c) for not more than ninety (90) days after the mandatory control level event if the commissioner finds that there is a reasonable expectation that the mandatory control level event may be eliminated within the ninety (90) day period.".

Page 5, line 21, delete "May 1, 2002," and insert "**May 1 of each of the calendar years 2002, 2003, and 2004,**".

Page 5, line 22, after "for the" insert "**immediately preceding**".

Page 5, line 22, delete "ending December 31," and insert "**.**".

Page 5, line 23, delete "2001.".

Page 5, line 24, delete "December 30, 2002." and insert "**December 30, 2004.**".

Page 5, line 25, delete "May 1, 2002," and insert "**May 1 of each of the calendar years 2002, 2003, and 2004,**".

Page 5, line 26, after "for the" insert "**immediately preceding**".

Page 5, line 27, delete "ending December 31, 2001." and insert "**.**".

Page 5, line 29, delete "December 30, 2002." and insert "**December 30, 2004.**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1341 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

CROOKS, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was

referred House Bill 1356, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Page 3, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 4. IC 6-1.1-17-5, AS AMENDED BY P.L.178-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions for the ensuing budget year as follows:

(1) The fiscal body of a consolidated city and county, not later than the last meeting of the fiscal body in September.

(2) The fiscal body of a second class city, not later than September 30.

(3) The board of school trustees of a school corporation that is located in a city having a population of more than ~~ninety thousand (90,000) but less than one hundred ten thousand (110,000),~~ **one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000),** not later than:

(A) the time required in ~~section 5.6~~ **section 5.6(b)** of this chapter; **or**

(B) September 20 if a resolution adopted under section 5.6(d) of this chapter is in effect.

(4) The proper officers of all other political subdivisions, not later than September 20.

Except in a consolidated city and county and in a second class city, the public hearing required by section 3 of this chapter must be completed at least ten (10) days before the proper officers of the political subdivision meet to fix the budget, tax rate, and tax levy. In a consolidated city and county and in a second class city, that public hearing, by any committee or by the entire fiscal body, may be held at any time after introduction of the budget.

(b) Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.

(c) If a petition is filed under subsection (b), the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

(d) This subsection does not apply to a school corporation. Each year at least two (2) days before the first meeting of the county board of tax adjustment held under IC 6-1.1-29-4, a political subdivision shall file with the county auditor:

(1) a statement of the tax rate and levy fixed by the political subdivision for the ensuing budget year;

(2) two (2) copies of the budget adopted by the political subdivision for the ensuing budget year; and

(3) two (2) copies of any findings adopted under subsection (c).

Each year the county auditor shall present these items to the county board of tax adjustment at the board's first meeting.

(e) In a consolidated city and county and in a second class city, the clerk of the fiscal body shall, notwithstanding subsection (d), file the adopted budget and tax ordinances with the county board of tax adjustment within two (2) days after the ordinances are signed by the executive, or within two (2) days after action is taken by the fiscal body to override a veto of the ordinances, whichever is later.

SECTION 5. IC 6-1.1-17-5.6, AS ADDED BY P.L.178-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5.6. (a) This section applies only to a school corporation that is located in a city having a population of more than ~~ninety thousand (90,000) but less than one hundred ten thousand (110,000).~~ **one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000).**

(b) Before February 1 of each year, the officers of the school corporation shall meet to fix the budget for the school corporation for the ensuing budget year, with notice given by the same officers. **However, if a resolution adopted under subsection (d) is in effect, the officers shall meet to fix the budget for the ensuing budget year before September 20.**

(c) Each year, at least two (2) days before the first meeting of the county board of tax adjustment held under IC 6-1.1-29-4, the school corporation shall file with the county auditor:

(1) a statement of the tax rate and tax levy fixed by the school corporation for the ensuing budget year;

(2) two (2) copies of the budget adopted by the school corporation for the ensuing budget year; and

(3) any written notification from the ~~state board of tax commissioners~~ **department of local government finance** under section 16(i) of this chapter that specifies a proposed revision, reduction, or increase in the budget adopted by the school corporation for the ensuing budget year.

Each year the county auditor shall present these items to the county board of tax adjustment at the board's first meeting.

(d) The governing body of the school corporation may adopt a resolution to cease using a school year budget year and return to using a calendar year budget year. A resolution adopted under this subsection must be adopted after January 1 and before July 1. The school corporation's initial calendar year budget year following the adoption of a resolution under this subsection begins on January 1 of the year following the year the resolution is adopted. The first six (6) months of the initial calendar year budget for the school corporation must be consistent with the last six (6) months of the final school year budget fixed by the department of local government finance before the adoption of a resolution under this subsection.

(e) A resolution adopted under subsection (d) may be rescinded by a subsequent resolution adopted by the governing body. If the governing body of the school corporation rescinds a resolution adopted under subsection (d) and returns to a school year budget year, the school corporation's initial school year budget year begins on July 1 following the adoption of the rescinding resolution and ends on June 30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.".

Page 11, between lines 38 and39, begin a new paragraph and insert:

"SECTION 13. IC 6-8.1-9-14 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 14. (a) The department shall establish, administer, and make available a centralized debt collection program for use by state agencies to collect delinquent accounts, charges, fees, loans, taxes, or other indebtedness owed to or being collected by state agencies. The department's collection facilities shall be available for use by other state agencies only when resources are available to the department.**

(b) The commissioner shall prescribe the appropriate form and manner in which collection information is to be submitted to the department.

(c) The debt must be delinquent and not subject to litigation, claim, appeal, or review pursuant to the appropriate remedies of a state agency.

(d) The department has the authority to collect for the state or claimant agency (as defined in IC 6-8.1-9.5-1) delinquent accounts, charges, fees, loans, taxes, or other indebtedness due the state or claimant agency that has a formal agreement with the department for central debt collection.

(e) The formal agreement shall provide that the information provided to the department be sufficient to establish the obligation in court and to render the agreement as a legal judgment on behalf of the state. After transferring a file for collection to the department for collection, the claimant agency shall terminate all collection procedures and be available to provide assistance to the department. Upon receipt of a file for collection, the department shall comply with all applicable state

and federal laws governing collection of the debt.

(f) The department may use a claimant agency's statutory authority to collect the claimant agency's delinquent accounts, charges, fees, loans, taxes, or other indebtedness owed to the claimant agency.

(g) The department's right to credit against taxes due shall not be impaired by any right granted the department or other state agency under this section.

(h) The department of revenue may charge the claimant agency a fee not to exceed fifteen percent (15%) of any funds the department collects for a claimant agency. Notwithstanding any law concerning delinquent accounts, charges, fees, loans, taxes, or other indebtedness, the fifteen percent (15%) fee shall be added to the amount due to the state or claimant agency when the collection is made.

(i) Fees collected under subsection (h) shall be retained by the department after the debt is collected for the claimant agency and are appropriated to the department for use by the department in administering this section.

(j) The department shall transfer any funds collected from a debtor to the claimant agency within thirty (30) days after the end of the month in which the funds were collected.

(k) When a claimant agency requests collection by the department, the claimant agency shall provide the department with:

(1) the full name;

(2) the Social Security number or federal identification number, or both;

(3) the last known mailing address; and

(4) additional information that the department may request;

concerning the debtor.

(l) The department shall establish a minimum amount that the department will attempt to collect for the claimant agency.

(m) The commissioner shall report, not later than March 1 for the previous calendar year, to the governor, the budget director, and the legislative council concerning the implementation of the centralized debt collection program, the number of debts, the dollar amounts of debts collected, and an estimate of the future costs and benefits that may be associated with the collection program.

SECTION 14. IC 21-2-11.5-3.1, AS AMENDED BY P.L.178-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.1. (a) This subsection does not apply to a school corporation located in a city having a population of more than ~~ninety thousand (90,000) but less than one hundred ten thousand (110,000).~~ **one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), unless a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect.** Before a governing body may collect property taxes for the school bus replacement fund in a particular calendar year, the governing body must, after January 1 and not later than September 20 of the immediately preceding year:

(1) conduct a public hearing on; and

(2) pass a resolution to adopt;

a plan under this section.

(b) This subsection applies only to a school corporation located in a city having a population of more than ~~ninety thousand (90,000) but less than one hundred ten thousand (110,000).~~ **one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000). However, this subsection does not apply to the school corporation if a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect.** Before the governing body of the school corporation may collect property taxes for the school transportation fund's school bus replacement account in a particular calendar year, the governing body must, after January 1 and on or before February 1 of the immediately preceding year:

(1) conduct a public hearing on; and

(2) pass a resolution to adopt;

a plan under this section.

(c) The ~~state board of tax commissioners~~ **department of local government finance** shall prescribe the format of the plan. A plan must apply to at least the ten (10) budget years immediately following the year the plan is adopted. A plan must at least include the following:

(1) An estimate for each year to which it applies of the nature and amount of proposed expenditures from the transportation fund's school bus replacement fund.

(2) A presumption that the minimum useful life of a school bus is not less than ten (10) years.

(3) An identification of:

(A) the source of all revenue to be dedicated to the proposed expenditures in the upcoming budget year; and

(B) the amount of property taxes to be collected in that year and the unexpended balance to be retained in the fund for expenditures proposed for a later year.

(4) If the school corporation is seeking to:

(A) acquire; or

(B) contract for transportation services that will provide;

additional school buses or school buses with a larger seating capacity as compared to the number and type of school buses from the prior school year, evidence of a demand for increased transportation services within the school corporation. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement fund.

(5) If the school corporation is seeking to:

(A) replace an existing school bus earlier than ten (10) years after the existing school bus was originally acquired; or

(B) require a contractor to replace a school bus;

evidence that the need exists for the replacement of the school bus. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement fund.

(6) Evidence that the school corporation that seeks to acquire additional school buses under this section is acquiring or contracting for the school buses only for the purposes specified in subdivision (4) or for replacement purposes.

(d) After reviewing the plan, the ~~state board of tax commissioners~~ **department of local government finance** shall certify its approval, disapproval, or modification of the plan to the governing body and the auditor of the county. The ~~state board of tax commissioners~~ **department of local government finance** may seek the recommendation of the school property tax control board with respect to this determination. The action of the ~~state board of tax commissioners~~ **department of local government finance** with respect to the plan is final.

(e) The ~~state board of tax commissioners~~ **department of local government finance** may approve appropriations from the transportation fund's school bus replacement fund only if the appropriations conform to a plan that has been adopted in compliance with this section.

(f) A governing body may amend a plan adopted under this section. When an amendment to a plan is required, the governing body must declare the nature of and the need for the amendment and must show cause as to why the original plan no longer meets the transportation needs of the school corporation. The governing body must then conduct a public hearing on and pass a resolution to adopt the amendment to the plan. The plan, as proposed to be amended, must comply with the requirements for a plan under subsection (c). This amendment to the plan is not subject to the deadlines for adoption described in subsection (a) or (b). However, the amendment to the plan must be submitted to the ~~state board of tax commissioners~~ **department of local government finance** for its consideration and is subject to approval, disapproval, or modification in accordance with the procedures for adopting a plan set forth in this section.

(g) If a public hearing is scheduled under this section, the governing body shall publish a notice of the public hearing and the proposed plan or amendment to the plan in accordance with IC 5-3-1-2(b).

SECTION 15. IC 21-2-15-5, AS AMENDED BY P.L.178-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) This subsection does not apply to a school corporation that is located in a city having a

population of more than ~~ninety thousand (90,000) but less than one hundred ten thousand (110,000).~~ **one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), unless a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect.** Before a governing body may collect property taxes for a capital projects fund in a particular year, the governing body must, after January 1 and not later than September 20 of the immediately preceding year, hold a public hearing on a proposed plan and then pass a resolution to adopt a plan.

(b) This subsection applies only to a school corporation that is located in a city having a population of more than ~~ninety thousand (90,000) but less than one hundred ten thousand (110,000).~~ **one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000). However, this subsection does not apply to the school corporation if a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect.** Before the governing body of the school corporation may collect property taxes for a capital projects fund in a particular year, the governing body must, after January 1 and on or before February 1 of the immediately preceding year, hold a public hearing on a proposed plan and then pass a resolution to adopt a plan.

(c) The ~~state board of tax commissioners~~ **department of local government finance** shall prescribe the format of the plan. A plan must apply to at least the three (3) years immediately following the year the plan is adopted. A plan must estimate for each year to which it applies the nature and amount of proposed expenditures from the capital projects fund. A plan must estimate:

(1) the source of all revenue to be dedicated to the proposed expenditures in the upcoming calendar year; and

(2) the amount of property taxes to be collected in that year and retained in the fund for expenditures proposed for a later year.

(d) If a hearing is scheduled under subsection (a) or (b), the governing body shall publish the proposed plan and a notice of the hearing in accordance with IC 5-3-1-2(b).

SECTION 16. IC 36-7-26-1, AS AMENDED BY P.L.291-2001, SECTION 200, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002 (RETROACTIVE)]: Sec. 1. This chapter applies to the following:

(1) A city having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(2) A city having a population of more than ~~ninety thousand (90,000) but less than one hundred ten thousand (110,000).~~ **one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000).**

(3) A city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000).

(4) A city having a population of more than one hundred twenty thousand (120,000) but less than one hundred fifty thousand (150,000).

SECTION 17. IC 36-7-26-23, AS AMENDED BY P.L.291-2001, SECTION 202, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002 (RETROACTIVE)]: Sec. 23. (a) Before the first business day in October of each year, the board shall require the department to calculate the net increment for the preceding state fiscal year. The department shall transmit to the board a statement as to the net increment in sufficient time to permit the board to review the calculation and permit the transfers required by this section to be made on a timely basis.

(b) There is established a sales tax increment financing fund to be administered by the treasurer of state. The fund is comprised of two (2) accounts called the net increment account and the credit account.

(c) On the first business day in October of each year, that portion of the net increment calculated under subsection (a) that is needed:

(1) to pay debt service on the bonds issued under section 24 of this chapter or to pay lease rentals under section 24 of this chapter; and

(2) to establish and maintain a debt service reserve established by the commission or by a lessor that provides local public improvements to the commission;

shall be transferred to and deposited in the fund and credited to the net increment account. Money credited to the net increment account is pledged to the purposes described in subdivisions (1) and (2), subject to the other provisions of this chapter.

(d) On the first business day of October in each year, the remainder of:

(1) eighty percent (80%) of the gross increment; minus

(2) the amount credited to the net increment account on the same date;

shall be transferred and credited to the credit account.

(e) The remainder of:

(1) the gross increment; minus

(2) the amounts credited to the net increment account and the credit account;

shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(f) A city described in section 1(2), 1(3), or 1(4) of this chapter may receive not more than fifty percent (50%) of the net increment each year. During the time a district exists in a city described in section ~~1(2),~~ 1(3) or 1(4) of this chapter, not more than a total of one million dollars ($1,000,000) of net increment may be paid to the city described in section ~~1(2),~~ 1(3) or 1(4) of this chapter. **During each year that a district exists in a city described in section 1(2) of this chapter, not more than one million dollars ($1,000,000) of net increment may be paid to the city described in section 1(2) of this chapter.**

(g) The auditor of state shall disburse all money in the fund that is credited to the net increment account to the commission in equal semiannual installments on November 30 and May 31 of each year.

SECTION 18. IC 36-7-26-24, AS AMENDED BY P.L.185-2001, SECTION 9, AND AS AMENDED BY P.L.291-2001, SECTION 203, IS AMENDED AND CORRECTED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002 (RETROACTIVE)]: Sec. 24. (a) The commission may issue bonds, payable in whole or in part, from money distributed from the fund to the commission, to finance a local public improvement under IC 36-7-14-25.1 or may make lease rental payments for a local public improvement under IC 36-7-14-25.2 and IC 36-7-14-25.3. The term of any bonds issued under this section may not exceed twenty (20) years, nor may the term of any lease agreement entered into under this section exceed twenty (20) years. The commission shall transmit to the board a transcript of the proceedings with respect to the issuance of the bonds or the execution and delivery of a lease agreement as contemplated by this section. The transcript must include a debt service or lease rental schedule setting forth all payments required in connection with the bonds or the lease rentals.

(b) On January 15 of each year, the commission shall remit to the treasurer of state the money disbursed from the fund that is credited to the net increment account that exceeds the amount needed to pay debt service or lease rentals and to establish and maintain a debt service reserve under this chapter in the prior year and before May 31 of that year. Amounts remitted under this subsection shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(c) The commission in a city described in section 1(2) of this chapter may ~~*only*~~ distribute money from the fund *only* for **the following:**

(1) Road, interchange, and right-of-way improvements. ~~and for~~

(2) Acquisition costs of a commercial retail facility and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements.

(3) Demolition of commercial property and any related expenses incurred before or after the demolition of the commercial property.

(4) For physical improvements or alterations of property that enhance the commercial viability of the district.

(d) The commission in a city described in section 1(3) of this chapter may distribute money from the fund only for the following purposes:

(1) For road, interchange, and right-of-way improvements and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements.

(2) For the demolition of commercial property and any related

expenses incurred before or after the demolition of the commercial property.

(e) The commission in a city described in section 1(4) of this chapter may distribute money from the fund only for the following purposes:

(1) For:

(A) the acquisition, demolition, and renovation of property; and

(B) site preparation and financing;

related to the development of housing in the district.

(2) For physical improvements or alterations of property that enhance the commercial viability of the district.".

Page 11, between lines 40 and 41, begin a new paragraph and insert:

"SECTION 20. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)] **(a) This SECTION applies notwithstanding:**

(1) IC 6-1.1-3-7.5;

(2) IC 6-1.1-10-31.1;

(3) IC 6-1.1-11;

(4) 50 IAC 4.2-12-1;

(5) 50 IAC 16-3-2; and

(6) 50 IAC 16-4-1.

(b) For purposes of this SECTION, "taxpayer" means a taxpayer that filed a personal property tax return under IC 6-1.1-3 for the March 1, 2001, assessment date:

(1) in a township having a population of more than ninety-three thousand (93,000) but less than one hundred ten thousand (110,000) located in a county containing a consolidated city; and

(2) on which the taxpayer reported a total assessed value of personal property of more than fifty-five million dollars ($55,000,000) and less than fifty-six million dollars ($56,000,000).

(c) A taxpayer may before January 1, 2003, file an amended personal property tax return for the March 1, 2001, assessment date.

(d) With respect to an amended personal property tax return filed under subsection (c), a taxpayer is entitled to an exemption of tangible personal property under IC 6-1.1-10-29, IC 6-1.1-10-29.3, and IC 6-1.1-10-30 based on:

(1) the total cost of inventory reported on Schedule B of the Form 103 filed as part of the amended personal property tax return; and

(2) the ratio reported on the Form 103W filed as a part of the taxpayer's return referred to in subsection (b).

(e) A taxpayer shall pay taxes first due and payable in 2002 based on the assessed value of personal property reported in the amended personal property tax return filed under subsection (c).

(f) This SECTION applies only to personal property taxes first due and payable in 2002.

(g) This SECTION expires January 1, 2003.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1356 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 20, nays 2.

BAUER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce, Economic Development and Technology, to which was referred House Bill 1378, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT concerning utilities and transportation.

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 8-1-9-6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 6. (a) This section applies to a city having a population of more than forty-six thousand five hundred (46,500) but less than fifty thousand (50,000).**

(b) The department of transportation shall:

(1) grant the city access to the highway rights-of-way:

(A) maintained and owned by the Indiana department of transportation; and

(B) located in the city; and

(2) permit the city to install water and sewer lines:

(A) in the highway rights-of-way maintained and owned by the Indiana department of transportation and located in the city; and

(B) beginning not more than twenty (20) feet from the curb (as defined in IC 8-23-1-18).

SECTION 2. IC 36-8-16.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. As used in this chapter, "CMRS" refers to the commercial mobile radio service (as defined by 47 U.S.C. 332(d)(1)). The term includes the following:

(1) Services commonly referred to as wireless.

(2) Services provided by a wireless real time two-way voice communication device, including radio-telephone communications used in:

(A) cellular telephone service;

(B) personal communications service; or

(C) the functional or competitive equivalent of a radio-telephone communications line used in:

(i) cellular telephone service;

(ii) a personal communications service; or

(iii) a network radio access line.

(3) Any other wireless service that provides the user with direct access to a PSAP through the placement of a 911 call.

SECTION 3. IC 36-8-16.5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 14. As used in this chapter, "subscriber" refers to a **standard** subscriber ~~for~~ **or a prepaid subscriber of** CMRS service.

SECTION 4. IC 36-8-16.5-14.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 14.5. As used in this chapter, "prepaid subscriber" refers to a CMRS subscriber who pays in full prospectively for the service and is issued an Indiana telephone number or an Indiana identification number for the service.**

SECTION 5. IC 36-8-16.5-14.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 14.7. As used in this chapter, "standard subscriber" refers to a CMRS subscriber who pays retrospectively for the service and has an Indiana billing address for the service.**

SECTION 6. IC 36-8-16.5-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 18. (a) The wireless enhanced 911 advisory board is established. The board is a body corporate and politic, and though it is separate from the state, the exercise by the board of its powers constitutes an essential governmental function.

(b) The following recommendations must be made to the governor concerning the membership of the board:

(1) The executive committees of NENA and APCO shall jointly recommend ~~one (1) individual from each of the five (5) wireless board regions established by section 17 of this chapter.~~ **three (3) individuals.**

(2) The CMRS providers authorized to provide CMRS in Indiana shall jointly recommend ~~five (5)~~ **three (3)** individuals.

(c) The board consists of the following ~~eleven (11)~~ **seven (7)** members:

(1) The treasurer of state or the treasurer's designee. The treasurer of state or the treasurer's designee is chairperson of the board for a term concurrent with the treasurer of state's term of office. However, the treasurer of state's designee serves at the pleasure of the treasurer of state. ~~The treasurer of state or the treasurer's designee may vote on an issue before the board only to break a tie vote.~~

(2) ~~Five (5)~~ **Three (3)** members for a term of three (3) years who are appointed by the governor after the governor considers

the recommendations of the executive committees of NENA and APCO that are submitted under subsection (b)(1).

(3) ~~Five (5)~~ **Three (3)** members for a term of three (3) years who are appointed by the governor after considering the recommendations of the CMRS providers that are submitted under subsection (b)(2).

(d) A member's position may be filled by the member's designee who serves at the pleasure of the member.

~~(d)~~ **(e)** A vacancy on the board is filled for the vacating member's unexpired term in the same manner as the original appointment.

~~(e) A member may not serve more than two (2) consecutive three (3) year terms on the board.~~

(f) Each member appointed under subsection (c)(2) or (c)(3) shall submit the name of a designee to the board. The board shall maintain a list of approved designees. A member appointed under subsection (c)(2) or (c)(3) may appoint a listed designee to fill the member's position **under subsection (d) or to act on behalf of the member at a meeting of the board.** The designee serves at the pleasure of the appointing member.

(g) A member may vote by proxy through another member.

SECTION 7. IC 36-8-16.5-19, AS AMENDED BY P.L.116-2000, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 19. A majority of the members of the board constitutes a quorum for purposes of taking action. Except as provided in section 39(b) of this chapter, the board may take action approved by a majority of the members of the board **present at a meeting of the board.**

SECTION 8. IC 36-8-16.5-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 24. The board shall select a third party to audit the fund every two (2) years to determine whether the fund is being managed in accordance with this chapter. ~~The third party auditor shall provide the audit to the board to use in determining whether to adjust the emergency wireless 911 fee under section 26 of this chapter.~~ The board shall pay for an audit by the third party auditor as an administrative cost of the board. ~~If the third party auditor finds that the wireless enhanced 911 fee structure does not reflect the actual costs required by the PSAPs and CMRS providers, the board shall reduce the fee to reflect the actual costs required by the PSAPs and CMRS providers.~~

SECTION 9. IC 36-8-16.5-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 25. Except as provided in section 34 of this chapter, the board shall assess a monthly ~~emergency~~ wireless **emergency** enhanced 911 fee on each CMRS ~~mobile telephone number that has a billing address in Indiana.~~ **subscriber.**

SECTION 10. IC 36-8-16.5-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 26. The board may adjust the ~~emergency~~ wireless **emergency** enhanced 911 fee that is assessed under section 25 of this chapter. The board shall assess the fees at rates that ensure full recovery over a reasonable period of time of costs incurred by CMRS providers and PSAPs to develop and maintain an enhanced wireless 911 system. The fees may not:

(1) be raised or lowered more than one (1) time in a calendar year;

(2) be raised more than seven cents ($0.07) by an adjustment; or

(3) exceed one dollar ($1) per month for each telephone number.

SECTION 11. IC 36-8-16.5-30 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 30. Except as provided in section 34 of this chapter, each CMRS provider ~~as part of its monthly billing process,~~ shall ~~bill each CMRS mobile telephone number for~~ **collect** the ~~emergency~~ wireless **emergency** enhanced 911 fee ~~The~~ **as follows:**

(1) A CMRS provider **shall collect the fee from each standard subscriber as part of its normal monthly billing process and** may list the fee as a separate line item on each bill. If a CMRS provider receives a partial payment for a monthly bill from a CMRS **standard** subscriber, the CMRS provider shall apply the payment against the amount the CMRS **standard** subscriber owes to the CMRS provider before applying the payment against the fee.

(2) A CMRS provider shall collect and remit to the board under section 36 of this chapter fees from its prepaid subscribers in an amount equal to the fee amount multiplied by the number of active prepaid subscriber accounts on the last day of each calendar month.

SECTION 12. IC 36-8-16.5-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 31. A CMRS provider, as part of its monthly billing process, may not pro-rate the monthly ~~emergency~~ wireless **emergency** enhanced 911 fee collected from the subscriber.

SECTION 13. IC 36-8-16.5-32 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 32. A CMRS provider is not required to take legal action to enforce the collection of the ~~emergency~~ wireless **emergency** enhanced 911 fee for which a subscriber is billed. However, a collection action may be initiated by the board. A court finding for the board in the action may award reasonable costs and attorney's fees associated with the collection action.

SECTION 14. IC 36-8-16.5-33 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 33. The wireless **emergency** enhanced 911 fee is exempt from state and local taxation.

SECTION 15. IC 36-8-16.5-34 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 34. A CMRS number is exempt from the ~~emergency~~ wireless **emergency** enhanced 911 fee if the subscriber is any of the following:

(1) The federal government or an agency of the federal government.

(2) The state or an agency or instrumentality of the state.

(3) A political subdivision (as defined in IC 36-1-2-13) or an agency of a political subdivision.

SECTION 16. IC 36-8-16.5-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 35. A CMRS provider may keep two percent (2%) of the ~~emergency~~ wireless **emergency** enhanced 911 fee collected each month from each subscriber for the purpose of defraying the administrative costs of collecting the fee.

SECTION 17. IC 36-8-16.5-38 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 38. To recover costs under section 37 of this chapter, a CMRS provider must submit a full, sworn, true, complete, and detailed cost recovery plan. The board must approve the plan before the CMRS provider may recover costs from the fund under section 37 of this chapter. ~~The board may not approve an invoice if:~~

~~(1) reimbursement of a cost described in the invoice is not related to compliance with the requirements of the FCC order; or~~

~~(2) payment of the invoice would result in payment of more than one hundred twenty-five percent (125%) of the total amount contributed to the fund by a CMRS provider;~~

~~unless the board approved the cost before it was incurred by the CMRS provider.~~

SECTION 18. IC 36-8-16.5-39, AS AMENDED BY P.L.116-2000, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 39. (a) Except as provided by section 26 of this chapter and subsection (b), the fund must be managed in the following manner:

(1) Three cents ($0.03) of the ~~emergency~~ wireless **emergency** 911 fee collected from each subscriber must be ~~held~~ **deposited** in an ~~interest bearing~~ escrow account to be used ~~for~~ **to reimburse CMRS providers and PSAPs for costs associated with** implementation of phase two (2) of the FCC order. **The board may invest money in the account in the manner prescribed by section 23 of this chapter and may use the proceeds of the investments to reimburse CMRS providers and PSAPs under this subdivision.** The board shall reevaluate the fees placed into escrow not later than May 1, 2000. The board shall determine if the fee should be reduced, remain the same, or be increased based on the latest information available concerning the costs associated with phase two (2) of the FCC order.

(2) At least twenty-five cents ($0.25) of the ~~emergency~~ wireless **emergency** 911 fee collected from each subscriber must be

~~held~~ **deposited** in **an** escrow **account** and used to reimburse CMRS providers for the actual costs incurred by the CMRS providers in complying with the wireless 911 requirements established by the FCC order and rules that are adopted by the FCC under the FCC order, including costs and expenses incurred in designing, upgrading, purchasing, leasing, programming, installing, testing, or maintaining all necessary data, hardware, and software required to provide service as well as the costs of operating the service. **The board may invest money in the account in the manner prescribed by section 23 of this chapter and may use the proceeds of the investments to reimburse CMRS providers under this subdivision.** Except as provided by section 38 of this chapter, the ~~carrier~~ **CMRS provider** may only request funds for true cost recovery. The board may increase the amount held in escrow under this subdivision not more than one (1) time a calendar year. If the board adjusts the ~~emergency~~ wireless **emergency** 911 fee under section 26 of this chapter within a calendar year, an adjustment to the amount held in escrow under this subdivision for the calendar year must be made at that time.

(3) Two percent (2%) of the ~~emergency~~ wireless **emergency** 911 fee collected from each subscriber may be used by the board to recover the board's expenses in administering this chapter. However, the board may increase this percentage at the time the board may adjust the monthly fee assessed against each ~~CMRS mobile telephone number~~ **subscriber** to allow for full recovery of administration expenses.

(4) ~~Money remaining in the fund~~ **The remainder of the wireless emergency 911 fee collected from each subscriber** must be ~~held in escrow and used for monthly distributions to eligible PSAPs that provide wireless enhanced 911 service and that have submitted written notice to the board. The board shall maintain a list of eligible PSAPs. The fund held in escrow under this subdivision must be~~ distributed in the following manner:

(A) ~~Ninety-eight percent (98%) must be distributed among~~ The **board shall distribute on a monthly basis to each county containing one (1) or more** eligible PSAPs, **as identified by the county in the notice required under section 40 of this chapter, a part of the remainder** based upon the **county's** percentage of the state's population (as reported in the most recent official United States census). ~~served by each PSAP.~~ **A county must use a distribution received under this clause to reimburse PSAPs that:**

(i) are identified by the county under section 40 of this chapter as eligible for distributions; and

(ii) accept wireless enhanced 911 service;

for actual costs incurred by the PSAPs in complying with the wireless enhanced 911 requirements established by the FCC order and rules.

(B) ~~Two percent (2%)~~ **The amount of the fee remaining, if any, after the distributions required under clause (A)** must be distributed ~~among the eligible PSAPs under a formula:~~

~~(i) established by the board; and~~

~~(ii) based on a PSAP's CMRS 911 call volume.~~ **in equal shares between the escrow accounts established under subdivisions (1) and (2).**

(b) Notwithstanding the requirements described in subsection (a), the board may transfer money between and among the accounts in subsection (a) in accordance with the following procedures:

(1) ~~A transfer must be approved by the affirmative vote of at least eight (8) board members.~~ **For purposes of acting under this subsection, the board must have a quorum consisting of at least one (1) member appointed under section 18(c)(2) of this chapter and at least one (1) member appointed under section 18(c)(3) of this chapter.**

(2) **A transfer under this subsection must be approved by the affirmative vote of:**

(A) at least fifty percent (50%) of the members present at a duly called meeting of the board who are appointed under section 18(c)(2) of this chapter; and

(B) at least fifty percent (50%) of the members present at a duly called meeting of the board who are appointed under section 18(c)(3) of this chapter.

(3) The board may make transfers only one (1) time during a calendar year.

~~(3)~~ **(4)** The board may not make a transfer that:

(A) impairs cost recovery by CMRS providers or PSAPs; or

(B) impairs the ability of the board to fulfill its management and administrative obligations described in this chapter.

SECTION 19. IC 36-8-16.5-40 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 40. To be eligible to receive distributions from the fund under section 39 of this chapter, a PSAP must comply with the wireless enhanced 911 requirements established by the FCC order and rules. ~~adopted by the FCC under the FCC order. Distribution~~ **A county containing one (1) or more eligible PSAPs shall submit a written notice to the board that identifies each PSAP that complies with the FCC order and rules. Distributions under section 39 of this chapter** to a ~~PSAP~~ **county containing one (1) or more eligible PSAPs** must begin in the first full month after the ~~PSAP becomes eligible.~~ **board receives the county's written notice under this section. The county treasurer shall deposit the distributions as prescribed in section 43 of this chapter.**

SECTION 20. IC 36-8-16.5-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 42. (a) A CMRS provider shall submit to the board sworn invoices related to a request for reimbursement under section 39 of this chapter. **An invoice submitted under this section must contain language swearing or affirming, under the penalty of perjury, that the representations made in the invoice are accurate to the best of the signer's knowledge. The signer must be:**

(1) an employee or officer of the CMRS provider submitting the invoice; and

(2) designated by the CMRS provider to sign on its behalf and bind the CMRS provider to the representations made.

The board may not approve an invoice ~~for~~ **submitted under this section if** reimbursement of ~~costs that are~~ **a cost described in the invoice is** not related to compliance with the ~~wireless enhanced 911 service~~ requirements ~~established by~~ **of** the FCC order and the rules adopted by the FCC under the FCC order.

(b) If:

(1) the board receives a written complaint alleging that a CMRS provider has used money received under this chapter in a manner that is inconsistent with this chapter; and

(2) a majority of the board votes to conduct an audit of the CMRS provider;

the board may contract with a third party auditor to audit the CMRS provider to determine whether the CMRS provider has used money received under this chapter in a manner consistent with this chapter.

SECTION 21. IC 36-8-16.5-43 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 43. The distribution of ~~emergency~~ wireless **emergency** enhanced 911 funds ~~to the PSAPs~~ by the board **for cost recovery by PSAPs under section 39 of this chapter** must be deposited by ~~a~~ **the** county treasurer ~~or a municipal fiscal officer~~ in a separate fund set aside for the purposes allowed by section 41 of this chapter. The fund must be known as the _____ (insert name of county) ~~or municipality)~~ **wireless** emergency telephone system fund. The county treasurer ~~or the municipal fiscal officer~~ may invest money in the fund in the same manner that other money of the county ~~or municipality~~ may be invested, but income earned from the investment must be deposited in the fund set aside under this section.

SECTION 22. IC 36-8-16.5-46 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 46. Notwithstanding any other law, the board, a PSAP, political subdivision, CMRS provider, local exchange company, or an employee, director, officer, or agent of a PSAP, political subdivision, CMRS provider, or local exchange company, **or a member of the board or the board chair, or an employee, an agent, or a representative of the board chair** is not liable for damages in a civil action or subject to criminal prosecution resulting from death, injury, or loss to persons or

property incurred by any person in connection with establishing, developing, implementing, maintaining, operating, and providing **enhanced** wireless 911 service in compliance with the requirements established by the FCC order and rules adopted under the FCC order, except in the case of willful or wanton misconduct.

SECTION 23. IC 36-8-16.5-17 IS REPEALED [EFFECTIVE JULY 1, 2002].

SECTION 24. [EFFECTIVE JULY 1, 2002] **Notwithstanding IC 36-8-16.5-18, as amended by this act, a member appointed to the wireless enhanced 911 advisory board under IC 36-8-16.5-18(c)(2), before its amendment by this act, or under IC 36-8-16.5-18(c)(3), before its amendment by this act, shall continue to serve on the board until the expiration of the member's term. The governor may not make a reappointment to any vacancy in the board under IC 36-8-16.5-18(c)(2) or IC 36-8-16.5-18(c)(3), both as amended by this act, until the total number of members of the board complies with the total number of members of the board required by IC 36-8-16.5-18, as amended by this act.**

SECTION 25. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "department" refers to the Indiana department of transportation.**

(b) Not later than July 1, 2002, the department shall form a task force to identify barriers to the development of a multi-tenant conduit system for fiber optic communications to be located in the highway rights-of-way maintained and owned by the department.

(c) The task force formed under subsection (b) shall submit its findings to the executive director of the legislative services agency not later than November 1, 2002.

(d) This SECTION expires December 31, 2003.

SECTION 26. **An emergency is declared for this act.**

(Reference is to HB 1378 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

FRY, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred House Bill 1386, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 2. IC 5-10-8.1-6, AS ADDED BY P.L.162-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) The administrator shall pay or deny each clean claim in accordance with section 7 of this chapter.

(b) An administrator shall notify a provider of any deficiencies in a submitted claim not ~~less~~ **more** than:

(1) thirty (30) days **after the claim is received by the administrator** for a claim that is filed electronically; or

(2) forty-five (45) days **after the claim is received by the administrator** for a claim that is filed on paper;

and describe any remedy necessary to establish a clean claim.

(c) Failure of an administrator to notify a provider as required under subsection (b) establishes the submitted claim as a clean claim.".

Page 17, between lines 20 and 21, begin a new paragraph and insert:

"SECTION 11. IC 27-1-3-30 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 30. (a) As used in this section, "company" has the meaning set forth in IC 27-1-3.1-2.**

(b) When a provision of IC 27 authorizes the commissioner to retain an accountant, an appraiser, an actuary, an attorney, a financial adviser, or another professional or specialist and the provision specifies that the cost of retaining the accountant, appraiser, actuary, attorney, financial adviser, or other professional or specialist is to be borne by the company, the following shall occur:

(1) The invoice shall be forwarded to the department.

(2) The department shall review the invoice.

(3) The department shall submit the invoice to the company for payment.

(c) The department is not liable for any cost that is required under IC 27 to be borne by a company.

SECTION 12. IC 27-1-6-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15. (a) Except as provided in subsection (b) a domestic mutual company that organized before July 1, 1977, must maintain a surplus of not less than two hundred fifty thousand dollars ($250,000). This subsection does not apply to a **farm mutual insurance** company that is organized under IC 27-5 **(before its repeal) or IC 27-5.1.**

(b) A domestic mutual company that organized before July 1, 1977, must maintain a surplus of not less than:

(1) seven hundred fifty thousand dollars ($750,000), if it markets one (1) or more kinds of insurance under both Class II and Class III, other than Class II(k) insurance;

(2) one million dollars ($1,000,000), if it markets one (1) or more kinds of insurance under Class II, including Class II(k) insurance; or

(3) one million dollars ($1,000,000), if it markets one (1) or more kinds of insurance under both Class II and Class III, including Class II(k) insurance.

(c) A domestic mutual company that organized after June 30, 1977, must maintain a surplus of not less than one million two hundred fifty thousand dollars ($1,250,000). However, when it organizes, it must:

(1) have a surplus of not less than two million dollars ($2,000,000);

(2) for the one (1) or more kinds of insurance under Class I that it intends to market, have received applications for insurance from not less than four hundred (400) persons, each application for an amount not less than one thousand dollars ($1,000), and have received the first year's premium due on a policy to be issued on each such application; and

(3) for the one (1) or more kinds of insurance under Class II or Class III that it intends to market, have received applications for insurance covering not less than eight hundred (800) separate risks in not less than forty (40) policies to be issued to not less than forty (40) members, and have received premiums amounting to not less than one hundred thousand dollars ($100,000) for those policies.

(d) A domestic mutual company must deposit with the department in cash or in obligations of the United States:

(1) twenty-five thousand dollars ($25,000), if it organized before June 30, 1955;

(2) fifty thousand dollars ($50,000), if it organized after June 29, 1955, and before March 7, 1967; or

(3) one hundred thousand dollars ($100,000), if it organized after March 6, 1967.

This subsection does not apply to a **farm mutual insurance** company that is organized under IC 27-5 **(before its repeal) or IC 27-5.1.**

(e) If the commissioner determines that the continued operation of a domestic mutual company may be hazardous to the policyholders or the general public, the commissioner may, upon the commissioner's determination, issue an order requiring the insurer to increase the insurer's capital and surplus based on the type, volume, and nature of the business transacted.".

Page 33, line 3, delete "affiliates" and insert "**subsidiary companies**".

Page 33, line 8, before "institution" insert "**financial**".

Page 33, line 8, after "a depository" insert "**financial**".

Page 33, line 10, after "assets." insert "**As used in this subsection, "depository financial institution" means a national bank, state bank, or trust company that is a member of the Federal Reserve System and through which an insurance company participates in the Federal Reserve book-entry system.**".

Page 52, line 42, delete "affiliates" and insert "**subsidiary companies**".

Page 53, line 5, after "depository" insert "**financial**".
Page 53, line 6, after "depository" insert "**financial**".
Page 53, line 7, after "assets." insert "**As used in this subdivision, "depository financial institution" means a national bank, state bank, or trust company that is a member of the Federal Reserve System and through which an insurance company participates in the Federal Reserve book-entry system.**".
Page 54, delete lines 22 through 36.
Page 55, delete lines 24 through 25.
Page 56, line 1, reset in roman "may deposit or arrange for the safekeeping of".
Page 56, reset in roman lines 2 through 19.
Page 56, line 20, reset in roman "representing such securities.".
Page 56, line 20, before "shall," insert "**A domestic insurance company**".
Page 56, line 22, delete "Securities deposited under".
Page 56, delete lines 23 through 42.
Delete pages 57 through 59.
Page 60, delete lines 1 through 8.
Page 60, line 9, delete "(d)" and insert "(c)".
Page 60, line 18, reset in roman "(d)".
Page 60, line 18, delete "(e)".
Page 60, line 37, reset in roman "(e)".
Page 60, line 37, delete "(f)".
Page 60, line 38, after "governing" insert ":
(1)".
Page 60, line 40, delete "." and insert "; **and**
(2) the maintenance of securities with a custodian.".
Page 60, between lines 40 and 41, begin a new paragraph and insert:
"SECTION 21. IC 27-1-20-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 26. The provisions of this article shall not apply to any farmers' mutual hail insurance company, farmers' mutual fire insurance company, or farmers' mutual windstorm insurance company, or any similar company organized and operating under IC 27-5 **(before its repeal) or IC 27-5.1,** nor to any mutual fire insurance company confining its business to the town or city in which its home office is located, nor shall any provision of this article be construed as repealing any provision of the statutes applicable to the companies and associations referred to in this section.".
Page 61, between lines 32 and 33, begin a new paragraph and insert:
"SECTION 23. IC 27-1-22-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) This chapter applies to all forms of casualty insurance including fidelity, surety, and guaranty bonds, to all forms of motor vehicle insurance, to all forms of fire, marine, and inland marine insurance, and to any and all combinations of the foregoing or parts thereof, on risks or operations in this state, except:
(1) reinsurance, other than joint reinsurance to the extent stated in section 14 of this chapter;
(2) accident and health insurance;
(3) insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies;
(4) insurance against loss or damage to aircraft or against liability arising out of the ownership, maintenance, or use of aircraft;
(5) worker's compensation insurance; and
(6) abstract and title insurance.
(b) Inland marine insurance includes insurance defined by statute, or by interpretation of statute, or if not so defined or interpreted, by ruling of the commissioner of insurance (referred to as the commissioner), or as established by general custom of the business, as inland marine insurance.
(c) This chapter shall not apply to farmers' mutual insurance companies organized and operating under IC 27-5 **(before its repeal) or IC 27-5.1** unless and only to the extent that ~~IC 27-5~~ **IC 27-5.1** specifically provides that such companies are subject to
~~(1)~~ this chapter.
~~(2) Acts 1947, c.60; or~~
~~(3) Acts 1947, c.111.~~".
Page 68, delete lines 7 through 42.
Delete pages 69 through 70.
Page 71, delete lines 1 through 40.
Page 75, line 9, delete "licensure or that is licensed in a state other than the" and insert "**or holds a license under section 12.2 of this chapter.**".
Page 75, delete line 10.
Page 75, line 19, delete "an employer" and insert "**a group**".
Page 78, line 16, after "shall" insert "**maintain a surety bond**".
Page 78, line 17, delete "maintain a surety bond".
Page 78, line 21, delete "cover" and insert "**that covers**".
Page 83, line 20, delete "Other" and insert "**Any other**".
Page 84, line 28, delete "A nonresident" and insert "**An**".
Page 85, line 4, delete "enacted".
Page 85, line 4, after "law" insert "**or regulation**".
Page 89, line 19, delete "one (1) or more grounds" and insert "**cause**".
Page 89, line 20, delete "exist" and insert "**exists**".
Page 89, line 23, after "($25,000)" insert "**per act or violation**".
Page 92, between lines 14 and 15, begin a new paragraph and insert:
"SECTION 51. IC 27-1-31-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. **(a)** If an insurer refuses to renew a policy of insurance written by the insurer, the insurer shall provide written notice of nonrenewal to the insured:
(1) at least forty-five (45) days before the expiration date of the policy, if the coverage provided is for one (1) year, or less; or
(2) at least forty-five (45) days before the anniversary date of the policy, if the coverage provided is for more than one (1) year.
(b) A notice of nonrenewal is not required if:
(1) the insured is transferred from an insurer to an affiliate of the insurer for future coverage as a result of a merger, acquisition, or company restructuring; and
(2) the transfer results in the same or broader coverage.".
Page 103, between lines 10 and 11, begin a new paragraph and insert:
"SECTION 63. IC 27-5.1 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:
ARTICLE 5.1. INDIANA FARM MUTUAL INSURANCE COMPANIES
Chapter 1. Definitions
Sec. 1. The definitions in this chapter apply throughout this article.
Sec. 2. "Assessment" means an amount or a policyholder's share of an amount that a farm mutual insurance company determines is necessary for any of the following:
(1) To pay the farm mutual insurance company's accrued liabilities.
(2) To meet or defray the farm mutual insurance company's anticipated needs.
(3) To add to or restore the policyholder surplus of the farm mutual insurance company.
Sec. 3. "Certificate of authority" has the meaning set forth in IC 27-1-2-3(v).
Sec. 4. "Commissioner" means the insurance commissioner appointed under IC 27-1-1-2.
Sec. 5. "Department" means the department of insurance created by IC 27-1-1-1.
Sec. 6. "Extended company" means a farm mutual insurance company that is authorized to provide coverage as described in IC 27-5.1-4.
Sec. 7. "Farm mutual insurance company" means a company (as defined in IC 27-1-2-3) that is authorized to provide insurance coverage under this article.
Sec. 8. "First class city" refers to a first class city as classified under IC 36-4-1-1.
Sec. 9. "Initial charge" means a charge that is collected by a farm mutual insurance company before or at the time of the

issuance or renewal of an insurance policy under this article.

Sec. 10. "Person" means an individual or a business entity.

Sec. 11. "Policyholder" means a person who is insured by a farm mutual insurance company.

Sec. 12. "Policyholder surplus" means a fund consisting of the accumulated assets of a farm mutual insurance company that exceed the farm mutual insurance company's accrued losses and expenses.

Sec. 13. "Premium" means money given in consideration to a farm mutual insurance company on account of or in connection with a contract of insurance for a specified policy period.

Sec. 14. "Premium plus assessment" refers to an insurance policy under which the policyholder is:

(1) obligated to pay a premium; and

(2) subject to potential assessment.

Sec. 15. "Principal office" means the primary office maintained by a farm mutual insurance company in Indiana.

Sec. 16. "Standard company" means a farm mutual insurance company that may provide insurance coverage under IC 27-5.1-3. The term does not include an extended company.

Chapter 2. Farm Mutual Insurance Companies

Sec. 1. This chapter applies to a farm mutual insurance company regulated under this article.

Sec. 2. (a) A farm mutual insurance company that holds a certificate of authority to do business in Indiana on June 30, 2002, is a standard company under this article unless the company elects to become an extended company under IC 27-5.1-4 and is authorized by the commissioner to do business as an extended company.

(b) A standard farm mutual insurance company under subsection (a) may elect to become an extended farm mutual insurance company at any time by:

(1) complying with IC 27-5.1-4-2(b); and

(2) submitting to an exam that may be conducted at the discretion of the commissioner.

(c) An election made under this section is effective upon the date the commissioner issues the new certificate of authority.

Sec. 3. (a) If a proposed farm mutual insurance company does not hold a certificate of authority to do business in Indiana on June 30, 2002, an application may be made to the commissioner for a certificate of authority for the proposed farm mutual insurance company to do business in Indiana as one (1) of the following:

(1) A standard company.

(2) An extended company.

(b) Three (3) copies of the application must be submitted to the commissioner. The application must contain the following concerning the proposed farm mutual insurance company:

(1) The name.

(2) The location and address of the principal office.

(3) The names and addresses of the officers and directors.

(4) A copy of the articles of incorporation.

(5) A copy of the bylaws.

(c) A standard company, not earlier than three (3) years after it is granted a certificate of authority to do business as a standard company, may elect to obtain a certificate of authority to do business as an extended company if the standard company:

(1) has an annual direct written premium of more than one million dollars ($1,000,000); and

(2) complies with IC 27-5.1-4-2.

Sec. 4. A farm mutual insurance company that is established after June 30, 2002, must have at least:

(1) two hundred fifty (250) applications for insurance policies; and

(2) one hundred thousand dollars ($100,000) in annual direct written premiums;

before issuing any insurance policy.

Sec. 5. (a) A farm mutual insurance company has all the powers, rights, privileges, duties, and obligations of a company organized under IC 27-1-6 except where IC 27-1-6 is contrary to this article.

(b) A farm mutual insurance company has the following:

(1) The power to borrow money.

(2) The ability to sue or be sued.

(3) The power to make contracts of insurance or indemnity with:

(A) a person;

(B) a firm;

(C) a public corporation;

(D) a private corporation;

(E) a board;

(F) an association;

(G) an estate; or

(H) a trustee or legal representative of an estate.

(4) The power to cede or obtain reinsurance from any company legally operating in Indiana or in any other state.

(5) The power to participate with a financially stable insurance company in:

(A) a reinsurance pool;

(B) a plan for reinsurance; or

(C) catastrophe protection.

(6) The power to determine the qualifications and the manner in which to admit or withdraw policyholders.

(7) The power to use a common seal, which the farm mutual insurance company may change or alter.

(8) The power to purchase, lease, hold, and dispose of:

(A) real property; and

(B) personal property;

for use in carrying out the purpose of the farm mutual insurance company in the farm mutual insurance company's name or in the name of a trustee chosen by the board of directors.

(9) The power to classify risks according to the hazards involved.

(10) The power to establish rates according to the classification of risk.

(11) The power to determine rules and regulations on the acceptability of risk and hazards insured.

(12) The power to determine the cost of insurance issued by the farm mutual insurance company and the adjustment and payment of losses.

(13) The power to determine the compensation of the directors and officers of the farm mutual insurance company.

(14) The power to require that the directors and officers of the farm mutual insurance company be bonded in the performance of the duties of the directors and officers.

(15) The power to adopt or amend bylaws and articles of incorporation of the farm mutual insurance company.

(16) The power to adopt or amend policy forms and application forms used by the farm mutual insurance company.

(17) All other powers necessary to effect the purposes of the farm mutual insurance company.

Sec. 6. A farm mutual insurance company with an annual direct written premium of more than ten million dollars ($10,000,000) may not function as a farm mutual insurance company and shall be regulated as a multiple line insurance company described in IC 27-1-6-16.

Sec. 7. Except as provided in section 8 of this chapter, a farm mutual insurance company that operates under this article is exempt from any other Indiana insurance law unless the law expressly declares that the law is applicable to farm mutual insurance companies.

Sec. 8. The following provisions apply to standard companies and extended companies:

(1) IC 27-1-3.

(2) IC 27-1-5-3.

(3) IC 27-1-6-15.

(4) IC 27-1-7-14 through IC 27-1-7-16.

(5) IC 27-1-7-21 through IC 27-1-7-23.

(6) IC 27-1-9.

(7) IC 27-1-13-3 through IC 27-1-13-4.

(8) IC 27-1-13-6 through IC 27-1-13-9.

(9) IC 27-1-20-1.
(10) IC 27-1-20-4.
(11) IC 27-1-20-6.
(12) IC 27-1-20-9 through IC 27-1-20-11.
(13) IC 27-1-20-14.
(14) IC 27-1-20-19 through IC 27-1-20-21.
(15) IC 27-1-20-23 through IC 27-1-20-24.
(16) IC 27-1-20-30.
(17) IC 27-1-22.
(18) IC 27-4-1.
(19) IC 27-6-1.1-2.
(20) IC 27-7-2.
(21) IC 27-9.

Sec. 9. (a) A farm mutual insurance company shall hold an annual meeting of the policyholders of the farm mutual insurance company on the date, time, and location set forth in the articles of incorporation of the farm mutual insurance company. If the articles of incorporation do not specify the date, time, and location of the annual meeting, the meeting shall be held on the first Monday in April at the registered principal office of the farm mutual insurance company.

(b) A quorum for purposes of an annual policyholder meeting must be defined in a farm mutual insurance company's articles of incorporation.

(c) Each policyholder of a farm mutual insurance company is entitled to one (1) vote on any issue voted upon at a policyholder meeting.

Sec. 10. (a) A farm mutual insurance company shall elect a board of directors consisting of at least five (5) policyholders.

(b) To be elected to the board of directors of a farm mutual insurance company, an individual must be the owner of a policy issued by the farm mutual insurance company.

Sec. 11. (a) Unless a farm mutual insurance company's articles of incorporation specify otherwise, a director of a farm mutual insurance company must be elected at the company's annual policyholder meeting by the affirmative vote of a majority of:

(1) the policyholders present and voting; and

(2) the policyholders voting by proxy, if voting by proxy is allowed by the company's articles of incorporation.

(b) The term of office of a director must be at least one (1) year but not more than five (5) years. A farm mutual insurance company's articles of incorporation may provide for the classification of directors into three (3) groups, and the terms of the directors may be staggered. A vacancy on the board of directors may be filled for the unexpired term through an appointment made by the remaining directors.

(c) The board of directors of a farm mutual insurance company shall, by vote of a majority of the directors, elect the officers designated in the farm mutual insurance company's bylaws. The directors may also elect any additional officers that the directors determine are necessary. An officer elected under this subsection is not required to be a director.

(d) The term of an officer elected under subsection (c) may not be less than one (1) year or more than three (3) years. An outgoing officer shall hold office until the officer's successor is either elected or selected and qualified.

(e) The board of directors of a farm mutual insurance company shall hold a separate meeting of the board of directors immediately after the farm mutual insurance company's annual meeting.

Sec. 12. (a) Unless a farm mutual insurance company's articles of incorporation specify otherwise, the articles of incorporation of a farm mutual insurance company may be amended by an affirmative vote of two-thirds (2/3) of its policyholders who are voting in person or by proxy at any policyholder meeting if the policyholders are given at least thirty (30) days notice of:

(1) the meeting; and

(2) the subject material of the proposed amendments.

(b) After a farm mutual insurance company has adopted an amendment to its articles of incorporation, three (3) copies of the amendment must be filed with the commissioner.

(c) The commissioner shall determine whether to approve the amendment and, if the amendment is approved, shall return a copy of the filed amendment and a certificate of approval to the farm mutual insurance company.

Sec. 13. (a) Bylaws of a farm mutual insurance company may be amended by the company in accordance with the company's articles of incorporation. All amendments to the bylaws must be filed with the commissioner.

(b) Bylaws may not be inconsistent with this article, any other applicable laws, or the company's articles of incorporation.

Sec. 14. The commissioner may charge a farm mutual insurance company a reasonable fee, as provided in IC 27-1-3-15, for a filing under this article.

Sec. 15. The commissioner may:

(1) issue a certificate of authority to a company to do business as:

(A) a standard company; or

(B) an extended company; and

(2) require a farm mutual insurance company to take appropriate remedial action as provided in IC 27-9 if the commissioner considers the action necessary to protect a policyholder.

Sec. 16. (a) A farm mutual insurance company may not deliver or issue for delivery a policy or an endorsement or rider to a policy until a copy of the form and the rates charged for the policy are filed with and approved by the commissioner.

(b) A farm mutual insurance company may use any form or rate filed with the commissioner unless the commissioner notifies the company in writing that the form is disapproved within thirty (30) days after the commissioner's receipt of the rate or form. The commissioner may disapprove a rate or form for the following reasons:

(1) An inconsistency with this article or any other applicable state law.

(2) A provision that is:

(A) deceptive;

(B) ambiguous; or

(C) misleading.

(c) If the commissioner disapproves a rate or form under this section, the commissioner must notify the farm mutual insurance company of the reason why the rate or form was disapproved. The farm mutual insurance company may request a hearing before the commissioner under IC 4-21.5 concerning the disapproval.

(d) A farm mutual insurance company may seek judicial review of the commissioner's disapproval of a rate or form under this section under IC 4-21.5-5.

(e) The commissioner may charge a farm mutual insurance company a reasonable fee as provided in IC 27-1-3-15 for the filing of a rate or form.

Sec. 17. (a) The commissioner or the commissioner's appointed agent under IC 27-1-3.1 may examine the affairs of a farm mutual insurance company.

(b) In an examination under this section, the commissioner may inquire into the manner in which a farm mutual insurance company conducts and manages the affairs of the farm mutual insurance company.

(c) The commissioner may:

(1) require and compel the production of documents, records, books, papers, contracts, or any other evidence; and

(2) compel the attendance of, and examine under oath, any director, officer, agent, employee, solicitor, or attorney of the farm mutual insurance company or any other person;

about any business affairs, the financial condition of the business, the management of the business, actions taken by the directors, officers, or employees, or any other related matter.

(d) The commissioner may revoke the farm mutual insurance company's certificate of authority if the farm mutual insurance company refuses to allow the commissioner to examine the farm mutual insurance company.

(e) The commissioner may examine the following:

(1) A farm mutual insurance company's articles of

incorporation and any amendments to the articles of incorporation.

(2) A farm mutual insurance company's bylaws and any amendments to the bylaws.

(3) A farm mutual insurance company's forms.

(4) Any documents or reports that a farm mutual insurance company is required to file annually with the commissioner.

(5) A farm mutual insurance company's petitions for merger.

(6) A farm mutual insurance company's petitions for transfer.

(f) The commissioner shall examine the records, books, and affairs of the farm mutual insurance company and issue a report of the commissioner's findings to the farm mutual insurance company if:

(1) the commissioner determines, as the result of an examination under this section or on the basis of any other knowledge or information in the commissioner's possession, that a farm mutual insurance company has conducted or is conducting the farm mutual insurance company's business in a manner that is:

(A) contrary to laws applying to farm mutual insurance companies; or

(B) detrimental to policyholder interests; or

(2) the farm mutual insurance company requests an examination through a resolution adopted by the farm mutual insurance company's policyholders at any meeting.

(g) The commissioner may charge a farm mutual insurance company that is examined under this section for the costs of conducting the examination.

(h) The commissioner may take any action that may protect a policyholder's interest if the commissioner determines that a farm mutual insurance company is conducting business in a manner that is:

(1) contrary to laws applying to farm mutual insurance companies; or

(2) detrimental to policyholder interests.

Sec. 18. (a) If the commissioner determines from:

(1) any statement filed by a farm mutual insurance company;

(2) an examination under section 17 of this chapter; or

(3) any other information obtained by the commissioner;

that a farm mutual insurance company is conducting its business in an unsafe manner or that the farm mutual insurance company's assets are insufficient to justify continuing the business, the commissioner shall send written notice of the commissioner's concerns regarding the farm mutual insurance company to the officers and directors of the farm mutual insurance company.

(b) Not more than thirty (30) days after receiving a notice under subsection (a), the farm mutual insurance company's officers and directors shall:

(1) remedy; or

(2) establish a plan to remedy;

the commissioner's concerns.

(c) If the farm mutual insurance company does not remedy or establish a plan to remedy the commissioner's concerns under subsection (b) or if the commissioner determines that the continuation of the farm mutual insurance company is not in the best interests of the policyholders, the commissioner shall institute proceedings in the circuit court of the county in which the farm mutual insurance company has its principal office to enjoin the farm mutual insurance company from conducting any further business transactions.

(d) If the commissioner seeks a permanent injunction against the farm mutual insurance company under subsection (c), the commissioner shall also institute proceedings to settle and wind up the affairs of the farm mutual insurance company and liquidate and dissolve the farm mutual insurance company, as provided in IC 27-9.

Sec. 19. (a) If a judgment is obtained in an Indiana court against a farm mutual insurance company and:

(1) the judgment is:

(A) not appealed; or

(B) appealed, but an appeal bond is not posted; and

(2) the judgment remains unsatisfied for more than sixty (60) days;

the party that obtained the judgment may file for injunctive relief in the court in which the judgment was rendered.

(b) In a proceeding initiated under subsection (a) by the party that obtained a judgment against a farm mutual insurance company, the court may issue an injunction against the farm mutual insurance company to enjoin the farm mutual insurance company from doing new business in Indiana until the judgment is fully satisfied.

Sec. 20. (a) A person, including a person described in subsection (b), that has a risk that is insurable under this article in a territory in which a farm mutual insurance company operates may apply for insurance coverage with the farm mutual insurance company. If the farm mutual insurance company accepts the person as a policyholder, the person becomes a policyholder of that company and is entitled to all the rights and privileges of a policyholder.

(b) Any of the following that own property within the territory of a farm mutual insurance company may apply for insurance, enter into an agreement for a policy, and hold a policy issued by a farm mutual insurance company:

(1) A public corporation.

(2) A private corporation.

(3) A quasi-corporation.

(4) An estate.

(5) An association.

(c) Any:

(1) officer;

(2) trustee;

(3) board member; or

(4) legal representative;

of an entity described in subsection (b) may be recognized as acting for or on behalf of the entity for the purpose of membership.

Sec. 21. A person that solicits or negotiates insurance on behalf of a farm mutual insurance company under this article must be licensed as an insurance producer under IC 27-1-15.6.

Sec. 22. (a) Two (2) or more farm mutual insurance companies may merge into one (1) farm mutual insurance company upon approval of a merger plan by the policyholders of each farm mutual insurance company as provided in subsection (b).

(b) Before a merger described in subsection (a) may take place, the board of directors of each farm mutual insurance company must approve a merger plan, and the merger plan must be approved by the affirmative vote of two-thirds (2/3) of the policyholders of each farm mutual insurance company who vote in person or by proxy.

(c) Before a meeting at which a proposed merger under this section may be considered:

(1) the policyholders of a farm mutual insurance company for which the merger is proposed must be given, by first class mail:

(A) written notice of the date, time, and location of the meeting;

(B) written notice that a proposed merger will be discussed and voted on at the meeting; and

(C) a copy or summary of the merger plan; and

(2) a general notice stating:

(A) the date, time, and location of the meeting; and

(B) that a proposed merger or transfer will be discussed and voted on at the meeting;

must be published in a newspaper of general circulation in the county in which the principal office of the farm mutual insurance company is located.

Sec. 23. (a) Each farm mutual insurance company that decides to merge under section 22 of this chapter must file the following documents with the commissioner:

(1) A petition for merger.
(2) The farm mutual insurance company's merger plan.
(3) Articles of merger.
(4) A copy of the minutes of any meeting at which the merger plan was approved.
(5) Proof that the policyholders were given proper notice of the meeting at which the merger was considered as required under section 22 of this chapter.

(b) The commissioner shall:
(1) review a filing submitted under subsection (a); and
(2) schedule a hearing under IC 4-21.5 if the commissioner considers a hearing necessary.

The commissioner may waive a hearing under this subsection if the commissioner determines that a proposed merger does not prejudice the interests of policyholders of the farm mutual insurance company.

(c) If the commissioner determines under subsection (b) that a hearing is necessary, the commissioner shall issue a notice of hearing to the farm mutual insurance company that filed the petition for merger. The commissioner may require the farm mutual insurance company to provide the farm mutual insurance company's policyholders with written notice of the hearing, including the date, time, and place of the hearing.

(d) If the commissioner requires a farm mutual insurance company to provide its policyholders with notice of a hearing under subsection (c), the notice must meet the following requirements:
(1) Be published in at least two (2) daily newspapers that the commissioner may designate.
(2) Be published in the newspapers designated under subdivision (1):
(A) not less than one (1) time per week;
(B) for two (2) successive weeks; and
(C) on the same day of the week.
(3) The last publication of notice must appear not more than five (5) calendar days before the date of the hearing.

(e) The commissioner may require a farm mutual insurance company to provide more notice than is required by subsection (d) if the commissioner determines that more notice is required under the circumstances concerning the farm mutual insurance company.

(f) In a hearing conducted under this section, the commissioner may examine a farm mutual insurance company's business affairs by:
(1) requiring and compelling the production of documents, records, books, papers, contracts, or any other evidence; and
(2) compelling the attendance of, and examining under oath, a director, an officer, an agent, an employee, a solicitor, or an attorney of the farm mutual insurance company, or any other person.

(g) A person who has an interest in a hearing conducted under this section may appear and testify at the hearing.

(h) The commissioner shall approve and authorize a proposed merger if the commissioner determines the following:
(1) That the interests of policyholders of the merging farm mutual insurance companies are properly protected.
(2) That no reasonable objections to the proposed merger exist.

(i) The commissioner may order a modification of the merger plan or articles of merger for a proposed merger if the commissioner determines that the modification is in the best interests of policyholders.

(j) A farm mutual insurance company that files a petition for merger shall pay the costs of a hearing under this section.

Sec. 24. (a) The commissioner shall establish the time frame in which a farm mutual insurance company must perform the terms of a merger plan approved under section 23 of this chapter.

(b) After a farm mutual insurance company that is a party to a merger under sections 22 and 23 of this chapter performs the terms of the merger plan, the surviving farm mutual insurance company shall notify the commissioner in writing of the surviving farm mutual insurance company's compliance with the merger plan.

(c) The commissioner shall determine whether the terms of a merger plan are performed adequately by a farm mutual insurance company that is a party to a merger under sections 22 and 23 of this chapter. If the commissioner determines that the terms of the merger plan are met, the commissioner shall issue the following to the surviving farm mutual insurance company:
(1) A certificate of merger.
(2) A certified copy of the certificate of merger.
(3) A certified copy of the articles of merger.

(d) If the commissioner determines that the terms of the merger plan are not met, the commissioner shall hold a hearing under IC 4-21.5.

(e) The commissioner may charge a farm mutual insurance company the fee set forth in IC 27-1-3-15 for a filing made under this section.

Sec. 25. Upon the commissioner's issuance of a certificate of merger under section 24 of this chapter, the farm mutual insurance companies that are parties to the merger plan become a single surviving farm mutual insurance company. The separate existence of each farm mutual insurance company that is a party to the merger plan ceases upon the issuance of the certificate of merger.

Sec. 26. (a) A surviving farm mutual insurance company described in section 25 of this chapter:
(1) has all the:
(A) rights;
(B) title;
(C) interests;
(D) privileges;
(E) immunities; and
(F) powers; and
(2) is subject to all of the duties and liabilities;
of a farm mutual insurance company organized under this article.

(b) The:
(1) real property;
(2) personal property;
(3) mixed property;
(4) debts; and
(5) every other interest;
that belongs to a farm mutual insurance company that is a party to a merger under this chapter is transferred to and vested in the surviving farm mutual insurance company. Rights of creditors or liens upon property of a merging farm mutual insurance company are not affected by the merger.

Sec. 27. A merger under sections 22 through 26 of this chapter is effective upon the commissioner's issuance of a certificate of merger, and the articles of incorporation of the surviving farm mutual insurance company are considered to be amended to the extent necessary to make the articles of incorporation conform with the articles of merger filed under section 23 of this chapter.

Sec. 28. (a) A person, an organization, or a corporation that intends to enter into a contract for the exclusive or dominant right to manage or control a farm mutual insurance company shall file notice of the contract with the commissioner at least thirty (30) days before entering into the contract.

(b) The commissioner may approve a contract or proposed contract described in subsection (a) only if the contract is not detrimental to:
(1) the policyholders of the farm mutual insurance company; or
(2) the public.

(c) If the commissioner disapproves a contract or proposed contract described in subsection (a), the commissioner shall provide written notice of the disapproval to the parties to the contract. A person, organization, or corporation that entered into a contract described in subsection (a) may not manage or control the farm mutual insurance company under the contract after receiving notice of the commissioner's disapproval of the

contract.

(d) A person, an organization, or a corporation that enters into a contract for the exclusive or dominant right to manage or control a farm mutual insurance company is the managing general agent (as defined in IC 27-1-33-4) of the farm mutual insurance company and shall comply with any requirement of a managing general agent under IC 27.

Sec. 29. (a) If the commissioner determines, after notice and a hearing under IC 4-21.5, that a farm mutual insurance company has violated any provision of this article or any rule or order issued under this article, the commissioner may issue an order requiring the farm mutual insurance company to cease and desist from the unlawful practice or to take any affirmative action that the commissioner considers necessary to carry out the purposes of this article.

(b) Before the commissioner may issue a cease and desist order under subsection (a):

(1) a copy of the proposed order; and

(2) an order to the farm mutual insurance company to show cause as to why the cease and desist order should not be issued;

must be served on the farm mutual insurance company by certified mail or by personal service to the farm mutual insurance company's principal office. An order to show cause must state that the farm mutual insurance company is entitled to request, in writing, a hearing before the commissioner not more than fifteen (15) days after the date of service of the order to show cause. If the farm mutual insurance company does not request a hearing less than sixteen (16) days after service of the order to show cause, the commissioner shall issue the cease and desist order.

(c) Upon receiving a request for a hearing under subsection (b), the commissioner shall set a date, time, and place for the hearing. The date must be at least ten (10) days but not more than fifteen (15) days after the commissioner's receipt of the request for the hearing, unless the parties agree upon another date.

(d) The commissioner shall give notice of the date, time, and place of the hearing to the farm mutual insurance company at least five (5) days before the hearing. The notice shall inform the farm mutual insurance company of the nature and source of any adverse evidence procured by the commissioner.

Sec. 30. A farm mutual insurance company may be represented by counsel at a hearing held under section 29 of this chapter. The farm mutual insurance company shall be given the opportunity at the hearing to submit written and oral evidence that supports the farm mutual insurance company's belief that the order to cease and desist should not be issued.

Sec. 31. Not more than ten (10) days after the date that a hearing under section 29 of this chapter concludes, the commissioner shall issue a ruling on the subject of the hearing and notify the farm mutual insurance company of the ruling. The commissioner may do the following:

(1) Issue the proposed cease and desist order.

(2) Issue a modified cease and desist order.

(3) Determine not to issue a cease and desist order.

Sec. 32. (a) The decision, determination, or order of the commissioner under section 31 of this chapter is subject to judicial review under IC 4-21.5-5.

(b) If a farm mutual insurance company does not seek judicial review of the commissioner's determination to issue a cease and desist order under section 31 of this chapter within thirty (30) days after the commissioner notifies the farm mutual insurance company of the commissioner's determination, the cease and desist order is final.

(c) If the farm mutual insurance company seeks judicial review of the commissioner's determination under section 31 of this chapter and the commissioner's determination is upheld, the cease and desist order is final.

Sec. 33. If a farm mutual insurance company willfully violates any provision of a cease and desist order, the commissioner may do the following:

(1) Impose a civil penalty on the farm mutual insurance company of not more than ten thousand dollars ($10,000).

(2) Suspend or revoke the farm mutual insurance company's certificate of authority.

(3) Institute proceedings to enjoin the farm mutual insurance company from conducting further business.

(4) Institute proceedings to wind up the affairs of the farm mutual insurance company.

Sec. 34. (a) A farm mutual insurance company may not waive:

(1) a term of an insurance policy; or

(2) a right or defense of the farm mutual insurance company;

unless the farm mutual insurance company states in a letter or other written or printed document to the policyholder that the farm mutual insurance company intends to specifically waive the provision, condition, right, or defense.

(b) The letter or other written or printed document required under subsection (a) must include the signature of an officer or other representative of the farm mutual insurance company who is authorized to execute the particular type of waiver.

(c) A letter or other written or printed document under this section is the only admissible evidence of a waiver by the farm mutual insurance company.

Sec. 35. (a) A policyholder of a farm mutual insurance company operating on a premium plus assessment basis under this article is liable for the policyholder's share of the amount necessary to:

(1) pay the losses and necessary expenses incurred by the farm mutual insurance company; and

(2) maintain an adequate reserve or safety fund as determined by the farm mutual insurance company's directors;

while the policyholder's insurance policy is in effect.

(b) Notwithstanding subsection (a), a farm mutual insurance company must limit a policyholder's contingent liability during any one (1) year to an amount of three percent (3%) or less of the insurance carried by the policyholder. The farm mutual insurance company must set forth this limitation in the farm mutual insurance company's bylaws.

Sec. 36. (a) A farm mutual insurance company must collect an assessment from a policyholder in the manner prescribed by the farm mutual insurance company's bylaws.

(b) After a farm mutual insurance company that operates on an assessment basis receives:

(1) notice of any loss or damage to a policyholder's property; or

(2) a judgment against the farm mutual insurance company;

the directors of the farm mutual insurance company shall verify the loss, damage, or judgment and shall assess each policyholder an amount in proportion to the amount of risk the policyholder has with the farm mutual insurance company.

Sec. 37. (a) If a policyholder upon whom an assessment has been imposed fails to pay the assessment, the farm mutual insurance company may:

(1) suspend the farm mutual insurance company's liability for loss under the policyholder's policy for the time in which the assessment is not paid; or

(2) cancel the policyholder's policy if the assessment is not paid within thirty (30) days after notice of the assessment is sent to the policyholder.

The farm mutual insurance company may deduct the assessment from the policyholder's deposit before returning the remainder of the deposit, if any, to the policyholder.

(b) If an assessment is paid by the policyholder after the farm mutual insurance company takes an action under subsection (a), the farm mutual insurance company may reinstate the policy from the date on which the payment is received, but a deduction or credit may not be made in any assessment because of the suspension of the policy.

(c) A farm mutual insurance company may file judicial proceedings to compel a policyholder to pay an imposed

assessment.

Sec. 38. (a) A policyholder is not liable for any assessment of losses or expenses that are incurred by a farm mutual insurance company after the policyholder has terminated the policyholder's policy.

(b) A policyholder is not liable for any assessment for obligations incurred by a farm mutual insurance company before the policyholder terminated the policy on which the assessment is made unless the farm mutual insurance company gives the policyholder notice of the assessment not more than one (1) year after the date of termination of the policy.

Sec. 39. (a) A premium plus assessment policy must expressly and prominently state on the face page of the policy that the policy is a premium plus assessment policy.

(b) A suit or action for a loss under a premium plus assessment policy may not be commenced until:

(1) the loss is due in accordance with the policy; or

(2) not less than sixty (60) days after proof of loss was given to the farm mutual insurance company that issued the premium plus assessment policy.

(c) The requirements that a policyholder must meet in order to sustain a legal cause of action under this section must be disclosed clearly and prominently in the premium plus assessment policy.

(d) Notwithstanding IC 34-11-2-11, the statute of limitations for a claim on a premium plus assessment policy under this section is twelve (12) months after the date of the loss.

(e) The statute of limitations for a claim on a nonassessment policy is subject to the statutes of limitations applicable to a similar cause of action under Indiana law.

Sec. 40. (a) A farm mutual insurance company that operates on a premium plus assessment basis must pay all losses and judgments of the farm mutual insurance company from premiums received or amounts collected on promissory notes. The amount:

(1) deducted from a policyholder's premium paid; or

(2) demanded from a policyholder's promissory note;

must bear the same relationship to the total loss as the policyholder's total premium bears to the total premiums collected in the calendar year that the loss is incurred.

(b) If the funds collected under subsection (a) are insufficient to cover the loss or judgment, the directors of the farm mutual insurance company may assess each policyholder in the same manner. However, a farm mutual insurance company may not assess its policyholders more than one (1) time in a calendar year for losses incurred by the farm mutual insurance company.

(c) The directors of a farm mutual insurance company described in this section may borrow enough funds to pay losses until the directors may assess the farm mutual insurance company's policyholders.

(d) A farm mutual insurance company described in this section may cancel a policyholder's policy under this section if the policyholder fails to pay any assessment within thirty (30) days after notification by the farm mutual insurance company of the assessment.

Sec. 41. (a) A farm mutual insurance company may borrow money for the payment of accrued losses and expenses.

(b) A farm mutual insurance company that has borrowed money under subsection (a) must assess its policyholders the full amount necessary to repay the loan in full in the next assessment after borrowing the money. Unless the commissioner authorizes an exemption, the assessment must be levied within twelve (12) months after incurring the losses or expenses paid by the farm mutual insurance company through the loan.

Sec. 42. A farm mutual insurance company may cancel, in whole or in part, a policyholder's policy after giving the policyholder five (5) days written notice of the cancellation as specified by the policy.

Sec. 43. (a) A farm mutual insurance company may vote to discontinue its operations and settle its affairs under IC 27-1-10.

(b) Before a dissolution under subsection (a) may take place, the dissolution must be approved by the affirmative vote of seventy-five percent (75%) of the policyholders of the farm mutual insurance company voting in person or by proxy.

(c) Before a meeting at which a dissolution under this chapter is considered, the policyholders of a farm mutual insurance company must be given written notice, by first class mail, of the following:

(1) The date, time, and location of the meeting.

(2) That a proposed dissolution of the company will be discussed and voted on at the meeting.

(d) If the policyholders vote in the affirmative by the margin required by subsection (b) to dissolve the farm mutual insurance company, the company must designate a committee of three (3) members to do the following, within a designated period, on behalf of the company:

(1) Liquidate the company's assets.

(2) Pay off the company's debts and expenses.

(3) Divide any surplus of the company among:

(A) persons who are policyholders of the company at the time of dissolution; and

(B) any person who held a policy issued by the company within the three (3) business years preceding the vote to dissolve the company.

(e) The company may extend the time that the committee designated under subsection (d) has to fulfill its duties.

(f) Upon completion of its duties, the committee designated under subsection (d) shall file a report of its proceedings and actions with the commissioner. Each member of the committee shall sign the report.

(g) If the commissioner approves the report filed under subsection (f), the commissioner shall issue a certificate of approval to the committee, and the farm mutual insurance company is considered dissolved and ceases to exist. The commissioner shall certify the liquidation and dissolution of the company to the secretary of state.

Sec. 44. (a) A director, an officer, a member, an agent, or an employee of a farm mutual insurance company shall not knowingly or intentionally, directly or indirectly, use, employ, or permit others to use or employ any money, funds, securities, or assets of the farm mutual insurance company for private profit or gain.

(b) A person who violates this section commits a Class C felony.

Sec. 45. This article does not prohibit a farm mutual insurance company from doing any of the following:

(1) Distributing underwriting or investment gain to policyholders of a farm mutual insurance company.

(2) Accumulating a reasonable policyholder surplus for the payment of losses or other expenses.

Sec. 46. The commissioner may adopt rules under IC 4-22-2 to implement this article.

Chapter 3. Standard Farm Mutual Insurance Companies

Sec. 1. (a) This chapter supplements the requirements set forth for a standard company in IC 27-5.1-2.

(b) This chapter does not permit a standard company to insure a policyholder of the farm mutual insurance company:

(1) against loss to a motor vehicle owned by the member from any peril;

(2) against liability resulting from the use of a motor vehicle owned by the member; or

(3) for property loss in connection with a specific loan or other credit transaction.

Sec. 2. A standard company that is issued a certificate of authority under IC 27-5.1-2-15 may:

(1) perform the business of insurance on:

(A) an assessable;

(B) a mutual; and

(C) a nonprofit;

basis;

(2) insure the property of policyholders of the standard company against loss or damage that is caused by:

(A) fire;

(B) windstorm;

(C) causes specified under an extended coverage provision; and

(D) other perils that are not specifically excluded in the policy form; and

(3) insure the property of policyholders of the standard company against:

(A) loss of use;

(B) loss of occupancy;

(C) loss of rents; and

(D) additional expenses;

that result from direct loss or damage to covered property.

Sec. 3. A standard company may engage in the business of insurance in any location in Indiana other than a first class city. However, a standard company may continue to insure property in a first class city in Indiana if the policy under which the property is insured was originally issued before July 1, 2002, or if the policy was originally issued before the city became a first class city.

Sec. 4. (a) A standard company may not insure property located outside the standard company's territory, as described in the standard company's articles of incorporation, unless the standard company meets the following requirements for expansion:

(1) A standard company with annual direct written premiums that total not less than one hundred thousand dollars ($100,000) may expand the territory in which the standard company insures property to not more than ten (10) counties if the expansion is approved by the affirmative vote of a majority of the standard company's:

(A) board of directors; or

(B) policyholders present and voting at a meeting of the policyholders.

(2) A standard company with annual direct written premiums that total not less than two hundred fifty thousand dollars ($250,000) may expand the territory in which the standard company insures property to more than ten (10) counties if the expansion is approved by the affirmative vote of a majority of the standard company's:

(A) board of directors; or

(B) policyholders present and voting at a meeting of the policyholders.

(b) The net retention per risk of a standard company may not exceed two-tenths percent (0.2%) of the standard company's insurance in force.

Sec. 5. A standard company may issue a policy insuring against loss or damage to property of a policyholder of the standard company from the perils specified in section 2 of this chapter in any county located in Indiana if the standard company maintains a policyholder surplus or reinsurance that the commissioner determines is sufficient to protect the financial stability of the standard company.

Sec. 6. (a) A standard company shall, not later than March 1, prepare and file with the commissioner an annual statement:

(1) that is on a form prescribed by the commissioner;

(2) that is verified by an affidavit of the:

(A) president; and

(B) secretary;

of the board of the standard company and individuals who are authorized to do business on behalf of the standard company; and

(3) that reflects the condition of the standard company as of the end of the calendar year immediately preceding the date of the annual statement.

(b) An annual statement prepared and filed under subsection (a) must be presented at the annual meeting of the standard company.

(c) An annual statement filed under subsection (a) must be accompanied by the filing fee set forth under IC 27-1-3-15.

Chapter 4. Extended Farm Mutual Insurance Companies

Sec. 1. An extended company is subject to the requirements of IC 27-5.1-2 and this chapter.

Sec. 2. (a) A farm mutual insurance company that was authorized to provide insurance in Indiana on June 30, 2002, may elect to obtain a certificate of authority as an extended company.

(b) An election under subsection (a) is made by:

(1) an affirmative vote by the board of directors of the farm mutual insurance company:

(A) on a resolution to convert to an extended company; and

(B) an amendment of the articles of incorporation of the farm mutual insurance company; and

(2) filing the resolution and amended articles of incorporation with the commissioner.

(c) The commissioner shall, upon:

(1) receiving the filing of a resolution and amended articles of incorporation of a farm mutual insurance company under subsection (b); and

(2) a determination by the commissioner that the farm mutual insurance company is in compliance with the requirements of this article and any other applicable law;

issue an amended certificate of authority to the farm mutual insurance company recognizing the farm mutual insurance company as an extended company.

(d) A farm mutual insurance company, after receiving an amended certificate of authority under subsection (c):

(1) is subject to the requirements of this chapter; and

(2) may commence the business of insurance as an extended company.

Sec. 3. An extended company may:

(1) insure the property of policyholders of the extended company against loss or damage that is caused by:

(A) fire;

(B) windstorm;

(C) causes specified under an extended coverage provision; and

(D) other perils that are specified in the policy form;

(2) insure the property of policyholders of the extended company against:

(A) loss of use;

(B) loss of occupancy;

(C) loss of rents; and

(D) additional expenses;

that result from direct loss or damage to covered property; and

(3) provide other kinds of insurance that are approved by the commissioner.

Sec. 4. To provide fire or windstorm insurance as described in section 3(1) and 3(2) of this chapter:

(1) an extended company must maintain a policyholder surplus as required under IC 27-1-6-15; and

(2) an extended company must maintain reinsurance that the commissioner determines to be sufficient to protect the financial stability of the extended company.

Sec. 5. (a) An extended company:

(1) may collect a membership fee and initial premium charge that are prescribed by the board of directors of the extended company; and

(2) shall collect, not less than annually, an amount that is sufficient to enable the extended company to:

(A) pay losses and expenses; and

(B) create and maintain a policyholder surplus in accordance with the articles of incorporation and bylaws of the extended company.

(b) Collections under subsection (a) are subject to the following requirements:

(1) Collections must be made through assessments or premiums charged by the extended company on certain policies issued by the extended company as determined by the board of directors of the extended company.

(2) A member of the extended company that holds a policy that is issued on the premium basis:

(A) shall pay the stipulated premium not later than the time at which the policy is issued; and

(B) may not be assessed.

(3) A member that holds a policy that is issued on a basis other than a premium basis:

(A) may be charged an advance assessment that is payable not later than the time at which the policy is issued, as determined by the board of directors of the extended company; and

(B) may be assessed if a further assessment is required under the articles of incorporation of the extended company.

(c) The terms and conditions of assessments made under this section must be clearly disclosed in the policy.

Sec. 6. The following requirements apply to the policyholder surplus of an extended company:

(1) The articles of incorporation of the extended company must provide for the existence, maintenance, and use of the policyholder surplus.

(2) The policyholder surplus may be used only for the payment of losses and expenses considered necessary by the board of directors of the extended company.

(3) The existence or maintenance of the policyholder surplus does not relieve a policyholder of any assessment or other obligation that the:

(A) policyholder owes to the extended company; or

(B) extended company has levied against the policyholder.

(4) If the extended company is dissolved, the fund must be treated in the same manner as any other asset of the extended company.

Sec. 7. An extended company may make investments in accordance with IC 27-1-13-3.

Sec. 8. (a) An extended company shall, not later than March 1, prepare and file with the commissioner an annual statement:

(1) that is on a form prescribed by the commissioner;

(2) that is verified by an affidavit of the:

(A) president; and

(B) secretary;

of the board of the extended company; and

(3) that reflects the condition of the extended company as of the end of the calendar year immediately preceding the date of the annual statement.

(b) An annual statement prepared and filed under subsection (a) must be presented at the annual meeting of the extended company.

(c) An annual statement filed under subsection (a) must be accompanied by the filing fee set forth in IC 27-1-3-15.

SECTION 64. IC 27-6-1.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. This chapter does not apply to any of the parties to a contract of merger or consolidation under ~~IC 27-5-4-3.~~ **IC 27-5.1-2-22.**

SECTION 65. IC 27-6-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Every ~~farmers'~~ **farm** mutual insurance company authorized on or after March 11, 1955, to make the kinds of insurance and reinsurance permitted under and pursuant to the provisions of ~~IC 27-5-3~~ **IC 27-5.1-2** is hereby authorized to write, make, or take, in addition to the kinds of reinsurance authorized under ~~IC 27-5-3,~~ **IC 27-5.1-2,** any kind or kinds of reinsurance on lines of insurance or hazards which they cede and shall not write, make, or take reinsurance on any hazard or lines of insurance that they do not themselves cede to other reinsurers.

SECTION 66. IC 27-6-8-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. As used in this chapter, unless otherwise provided:

(1) The term "account" means any one (1) of the three (3) accounts created by section 5 of this chapter.

(2) The term "association" means the Indiana Insurance Guaranty Association created by section 5 of this chapter.

(3) The term "commissioner" means the commissioner of insurance of this state.

(4) The term "covered claim" means an unpaid claim which arises out of and is within the coverage and not in excess of the applicable limits of an insurance policy to which this chapter applies issued by an insurer, if the insurer becomes an insolvent insurer after the effective date (January 1, 1972) of this chapter and (a) the claimant or insured is a resident of this state at the time of the insured event or (b) the property from which the claim arises is permanently located in this state. "Covered claim" shall be limited as provided in section 7 of this chapter, and shall not include (1) any amount due any reinsurer, insurer, insurance pool, or underwriting association, as subrogation recoveries or otherwise. However, a claim for any such amount, asserted against a person insured under a policy issued by an insurer which has become an insolvent insurer, which if it were not a claim by or for the benefit of a reinsurer, insurer, insurance pool or underwriting association, would be a "covered claim" may be filed directly with the receiver or liquidator of the insolvent insurer, but in no event may any such claim be asserted in any legal action against the insured of such insolvent insurer; nor (2) any supplementary obligation including but not limited to adjustment fees and expenses, attorney fees and expenses, court costs, interest and bond premiums, whether arising as a policy benefit or otherwise, prior to the appointment of a liquidator; nor (3) any unpaid claim that is not both filed within one (1) year after an order of liquidation and permitted to share in liquidation distributions under IC 27-9-3-33 if the insolvent insurer is a domestic insurer or in accordance with the applicable provisions of the law of the state of domicile if the insolvent insurer is not a domestic insurer; nor (4) any claim by a person whose net worth at the time an insured event occurred was more than five million dollars ($5,000,000); nor (5) a claim against a person insured by an insolvent insurer if the person's net worth at the time an insured event occurred was more than fifty million dollars ($50,000,000); nor (6) any claim by a person who directly or indirectly controls, is controlled, or is under common control with an insolvent insurer on December 31 of the year before the order of liquidation. All covered claims filed in the liquidation proceedings shall be referred immediately to the association by the liquidator for processing as provided in this chapter.

(5) The term "insolvent insurer" means (a) a member insurer holding a valid certificate of authority to transact insurance in this state either at the time the policy was issued or when the insured event occurred and (b) against whom a final order of liquidation, with a finding of insolvency, to which there is no further right of appeal, has been entered by a court of competent jurisdiction in the company's state of domicile. "Insolvent insurer" shall not be construed to mean an insurer with respect to which an order, decree, judgment or finding of insolvency whether preliminary or temporary in nature or order to rehabilitation or conservation has been issued by any court of competent jurisdiction prior to January 1, 1972 or which is adjudicated to have been insolvent prior to that date.

(6) The term "member insurer" means any person who is licensed or holds a certificate of authority under IC 27-1-6-18 or IC 27-1-17-1 to transact in Indiana any kind of insurance for which coverage is provided under section 3 of this chapter, including the exchange of reciprocal or inter-insurance contracts. The term includes any insurer whose license or certificate of authority to transact such insurance in Indiana may have been suspended, revoked, not renewed, or voluntarily surrendered. A "member insurer" does not include farmers' mutual insurance companies organized and operating pursuant to ~~IC 27-5,~~ **IC 27-5.1** other than ~~IC 27-5-3~~ ~~and~~ ~~IC 27-5-4-2.~~ **a farm mutual insurance company to which IC 27-5.1-2-6 applies.**

(7) The term "net direct written premiums" means direct gross premiums written in this state on insurance policies to which this chapter applies, less return premiums thereon and dividends paid or credited to policyholders on such direct business. "Net direct premiums written" does not include premiums on contracts between insurers or reinsurers.

(8) The term "person" means an individual, corporation, limited liability company, partnership, reciprocal or inter-insurance exchange, association, or voluntary organization.".

Page 106, line 24, after "(B)" insert "**licensed**".

Page 106, line 24, after "intermediary" insert "**in this state**".

Page 106, line 38, after "or a" insert "**licensed**".

Page 107, line 3, after "or a" insert "**licensed**".

Page 115, line 18, delete "(a)".

Page 115, delete lines 27 through 37.

Page 116, line 16, delete "acknowledged by" and insert "**filed with**".

Page 117, line 11, after "." insert "**After June 30, 2002, a notice of intention not to renew is not required if:**

(1) the insured is transferred from an insurer to an affiliate of the insurer for future coverage as a result of a merger, acquisition, or company restructuring; and

(2) the transfer results in the same or broader coverage.".

Page 133, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 105. IC 27-8-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) As used in this chapter:

"Account" means one of the three (3) accounts created under section 3 of this chapter.

"Association" means the Indiana life and health insurance guaranty association created under section 3 of this chapter.

"Commissioner" refers to the commissioner of insurance.

"Contractual obligation" means an obligation under covered policies.

"Covered policy" means any policy or contract that is of a type described in section 1(a) of this chapter and is not excluded by section 1(b) of this chapter.

"Impaired insurer" means a member insurer deemed by the commissioner to be potentially unable to fulfill its contractual obligations.

"Insolvent insurer" means a member insurer who becomes insolvent and is placed under a final order of liquidation, rehabilitation, or conservation by a court.

"Member insurer" means any person that is licensed or holds a certificate of authority to transact in Indiana any kind of insurance for which coverage is provided under this chapter. The term includes any insurer whose license or certificate of authority to transact such insurance in Indiana may have been suspended, revoked, not renewed, or voluntarily withdrawn but does not include the following:

(1) A medical and hospital service organization.

(2) A health maintenance organization under IC 27-13.

(3) A fraternal benefit society under IC 27-11.

(4) The Indiana Comprehensive Health Insurance Association or any other mandatory state pooling plan or arrangement.

(5) An assessment company or any other person that operates an assessment plan (as defined in IC 27-1-2-3(y)).

(6) An interinsurance exchange authorized by IC 27-6-6.

(7) A prepaid limited health service organization or a limited service health maintenance organization under IC 27-13-34.

(8) A special service health care delivery plan under IC 27-8-7.

(9) A ~~farmer's~~ **farm** mutual insurance company under ~~IC 27-5.~~ **IC 27-5.1.**

(10) Any person similar to any person described in subdivisions (1) through (9).

"Premiums" means direct gross insurance premiums and annuity considerations received on covered policies, less return premiums and considerations, and dividends paid or credited to policyholders on direct business. It does not include premiums and considerations on contracts between insurers and reinsurers. For purposes of assessments made under section 6 of this chapter, "premiums" for covered policies shall not be reduced on account of any limitation on benefits for which the association is obligated under section 5(l) of this chapter. However, "premiums" for assessment purposes does not include that portion of any premium exceeding five million dollars ($5,000,000) for any one (1) unallocated annuity contract.

"Person" means any natural person, corporation, limited liability company, partnership, association, voluntary organization, trust, governmental organization or entity, or other business organization or entity.

"Resident" means any person who resides in Indiana at the time the association becomes obligated for an impaired or insolvent insurer. Persons other than natural persons are considered to reside in the state where their principal place of business is located.

"Unallocated annuity contract" means an annuity contract or group annuity certificate that is not issued to and held by a natural person (excluding a natural person acting as a trustee), except to the extent of any annuity benefits guaranteed to a natural person by an insurer under the contract or certificate. For the purposes of section 1.5 of this chapter, an unallocated annuity contract shall not be considered a group covered policy.

(b) For purposes of this chapter, a policy, contract, or certificate is considered to be held by the person identified on the policy, contract, or certificate as the holder or owner of the policy, contract, or certificate.".

Page 152, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 125. IC 27-9-3-40.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 40.5. (a) A claim under a contract that is funded by an account established under IC 27-1-5-1 as a segregated investment account must be satisfied from the assets maintained in the account. The segregated investment account is not chargeable with a liability arising out of other business that the insurer conducts that has no specific relation to or dependence on the account.**

(b) Surplus remaining in a segregated investment account by virtue of a guarantee by the insurer as described in IC 27-1-5-1 must be included in the assets of the insurer's estate.

(c) A deficit in a segregated investment account by virtue of a guarantee by an insurer as described in IC 27-1-5-1 must be treated as a Class 2 claim under section 40 of this chapter.".

Page 157, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 134. IC 27-13-36.2-4, AS ADDED BY P.L.162-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) A health maintenance organization shall pay or deny each clean claim as follows:

(1) If the claim is filed electronically, not ~~less~~ **more** than thirty (30) days after the date the claim is received by the health maintenance organization.

(2) If the claim is filed on paper, not ~~less~~ **more** than forty-five (45) days after the date the claim is received by the health maintenance organization.

(b) If:

(1) a health maintenance organization fails to pay or deny a clean claim in the time required under subsection (a); and

(2) the health maintenance organization subsequently pays the claim;

the health maintenance organization shall pay the provider that submitted the claim interest on the lesser of the usual, customary, and reasonable charge for the health care services provided to the enrollee or an amount agreed to between the health maintenance organization and the provider paid under this section.

(c) Interest paid under subsection (b):

(1) accrues beginning:

(A) thirty-one (31) days after the date the claim is filed under subsection (a)(1); or

(B) forty-six (46) days after the date the claim is filed under subsection (a)(2); and

(2) stops accruing on the date the claim is paid.

(d) In paying interest under subsection (b), a health maintenance organization shall use the same interest rate as provided in IC 12-15-21-3(7)(A).".

Page 163, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 146. IC 34-30-17-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. This chapter applies to all insurers, including ~~farmers'~~ **farm** mutual insurance companies operating under ~~IC 27-5.~~ **IC 27-5.1.**".

Page 169, line 15, delete "." and insert "; IC 27-5.

SECTION 151. [EFFECTIVE JULY 1, 2002] **(a)**

Notwithstanding IC 27-5.1-2-21, as added by this act, before January 1, 2003, an insurance producer that solicits, negotiates, or sells policies issued by a standard farm mutual insurance company that held a certificate of authority to conduct insurance business in Indiana on June 30, 2002, may continue to solicit, negotiate, or sell the same insurance that the insurance producer was previously authorized to sell and is not required to take the examination required under IC 27-1-15.6.

(b) This SECTION expires January 1, 2003.

SECTION 152. [EFFECTIVE JULY 1, 2002] **Any rate or form filed by a farm mutual insurance company before July 1, 2002, is valid and remains in effect notwithstanding the repeal of IC 27-5 and the addition of IC 27-5.1 by this act.**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1386 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

CROOKS, Chair

Report adopted.

ENGROSSED HOUSE BILLS ON THIRD READING

Engrossed House Bill 1042

Representative Ulmer called down Engrossed House Bill 1042 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning natural and cultural resources.

The bill was read a third time by sections and placed upon its passage. After discussion, Representative Ulmer withdrew the call of Engrossed House Bill 1042.

Engrossed House Bill 1049

Representative Crosby called down Engrossed House Bill 1049 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning health.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 25: yeas 95, nays 1. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsors: Senators C. Lawson, Craycraft, Long, and Wyss.

Engrossed House Bill 1070

Representative Stilwell called down Engrossed House Bill 1070 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning labor and industrial safety.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 26: yeas 95, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsor: Senator Harrison.

Engrossed House Bill 1085

Representative M. Smith called down Engrossed House Bill 1085 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning utilities and transportation.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 27: yeas 94, nays 1. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsors: Senators Weatherwax and Lanane.

Engrossed House Bill 1095

Representative Friend called down Engrossed House Bill 1095 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning natural and cultural resources.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 28: yeas 94, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsors: Senators Jackman and Lewis.

Engrossed House Bill 1123

Representative L. Lawson called down Engrossed House Bill 1123 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 29: yeas 96, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsor: Senator Landske.

Engrossed House Bill 1143

Representative Crawford called down Engrossed House Bill 1143 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 30: yeas 94, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsors: Senators Borst, Howard, Skillman, and Blade.

Engrossed House Bill 1159

Representative Dickinson called down Engrossed House Bill 1159 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 31: yeas 90, nays 5. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsors: Senators Wyss and Howard.

OTHER BUSINESS ON THE SPEAKER'S TABLE

HOUSE MOTION

Mr. Speaker: I move that House Rule 106.1 be suspended for the purpose of adding more than three coauthors and that Representatives Bischoff, Weinzapfel, Lytle, Herrell, Dvorak, L. Lawson, Reske, Ayres, Friend, Duncan, Grubb, Murphy, and Stilwell be added as coauthors of House Bill 1001.

GREGG

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Ulmer be added as coauthor of House Bill 1005.

BODIKER

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Bottorff be added as coauthor of House Bill 1015.

COCHRAN

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Welch be added as coauthor of House Bill 1017.

OXLEY

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative T. Brown be added as coauthor of House Bill 1049.

CROSBY

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representatives Turner, Budak, and Liggett be added as coauthors of House Bill 1062.

TINCHER

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representatives Scholer, Crosby, and Goodin be added as coauthors of House Bill 1065.

TINCHER

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representatives D. Young, Herrell, and Bardon be added as coauthors of House Bill 1073.

AVERY

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that House Rule 106.1 be suspended for the purpose of adding more than three coauthors and that Representative Bottorff be added as coauthor of House Bill 1079.

FRIZZELL

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representatives Ayres and Tincher be added as coauthors of House Bill 1083.

KERSEY

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Fry be added as coauthor of House Bill 1115.

CHENEY

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Richardson be added as coauthor of House Bill 1124.

MURPHY

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that House Rule 106.1 be suspended for the purpose of adding more than three coauthors and that Representatives T. Brown, Crawford, Day, Moses, Pelath, and Welch be added as coauthors of House Bill 1217.

CROSBY

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Welch be added as coauthor of House Bill 1250.

DAY

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative T. Adams be added as coauthor of House Bill 1275.

V. SMITH

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that House Rule 106.1 be suspended for the purpose of adding more than three coauthors and that Representatives Weinzapfel and Cherry be added as coauthors of House Bill 1306.

WOLKINS

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Thompson be added as coauthor of House Bill 1314.

LIGGETT

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Dobis be removed as author of House Joint Resolution 9, Representative Frenz be substituted as author, and Representatives Dobis, Bosma, and Whetstone be added as coauthors.

DOBIS

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that House Rule 106.1 be suspended for the purpose of adding more than three cosponsors and that Representative Welch be added as cosponsor of Engrossed Senate Bill 8

COOK

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Kruzan be added as cosponsor of Engrossed Senate Bill 392.

CROOKS

Motion prevailed.

Pursuant to House Rule 60, committee meetings were announced.

On the motion of Representative Hinkle the House adjourned at 5:45 p.m., this twenty-ninth day of January, 2002, until Wednesday, January 30, 2002, at 1:00 p.m.

JOHN R. GREGG
Speaker of the House of Representatives

LEE ANN SMITH
Principal Clerk of the House of Representatives